LEGAL CERTAINTY FOR FOREIGN INVESTORS IN BRAZIL

ADVOCACIA-GERAL DA UNIÃO

2nd edition - revised and expanded

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LEGAL CERTAINTY FOR FOREIGN INVESTORS IN BRAZIL / Office of the Attorney General of the Union. – 2nd ed., revised and expanded - Brasília, 2025.

53 p.

I. Title II. Brazil. Office of the Attorney General of the Union

CDD: 341.272 CDU: 342

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INTRODUCTION

Brazil has one of the most favorable conditions for attracting foreign investment on the global stage. This results from a unique combination of factors: its vast territorial size, the abundance and diversity of its natural resources, the dynamism and scale of its domestic consumer market, and its strategic insertion in international value chains.

We are the 5th largest country in territorial extension; the 7th most populous country; and one of the 10 largest economies in the world.

These elements converge to create unique and competitive conditions, capable of enhancing the success of investors who choose Brazil as the destination for their ventures.

According to the most recent IBGE[1] decennial census, the country has approximately 203.7 million inhabitants distributed across the five regions (North, Northeast, Central-West, South, and Southeast) in a territory of approximately 8.5 million km². This large population base, coupled with the country's extensive territorial size, is reflected in a vast and diversified consumer market, with room for the expansion of services and goods in multiple sectors of the economy.

Brazilian infrastructure and its transportation modes are also another highlight: in recent years, Brazil has seen increased investment and improvements in the quality of its ports, airports, railways, and waterways. This has led to the modernization and expansion of its operational capacity, improving national economic conditions.

Furthermore, the characteristics of the Brazilian energy matrix also allow investors to obtain clean energy sources in a more accessible and less expensive way. In 2024, the Brazilian electricity matrix reached 88.2% renewability - with emphasis on the evolution of the participation of wind and solar photovoltaic generation, which together reached 24% of total electricity generation in 2024.[2] Brazil's electricity matrix reached 88.2% renewability, with a highlight being the increased participation of wind and solar photovoltaic generation in energy production. In an era of global energy transition,

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[1] IBGE Population Census 2022: https://censo2022.ibge.gov.br/panorama.

[2] According to the Summary Report of the National Energy Balance (base year 2024), released by the Ministry of Mines and Energy and EPE, wind and solar photovoltaic sources accounted for 24% of total electricity generation in Brazil in 2024. See: https://agenciagov.ebc.com.br/noticias/202505/brasil-avanca-na-renovabilidade-das-matrizes-em-2024-aponta-balanco-energetico-nacional?utm

Brazil's profile represents a historic window of opportunity, placing the country in a leading position in the clean energy sector, not only to add value to production made in the national territory, but also to generate qualified jobs and stimulate sustainability.

Rich in natural reserves, Brazil also recorded significant growth in the electricity, mining, and oil and gas sectors. In 2023, average annual production was a record: it reached a record level of 4.3 million barrels of oil equivalent per day (boe/d), 11.69% above the previous record, from 2022[3]. Data from the Federal Government also indicate a continued increase in industrial strength in these sectors, with significant gains achieved in recent years in the coke and petroleum derivatives, chemical products, and metallurgy industries[4].

This favorable investment environment is strengthened by a secure, predictable, and transparent regulatory environment, which contributes to reducing transaction costs, increasing confidence, and fostering high-value-added partnerships.

In fact, the Brazilian State has made consistent efforts in adopting regulatory measures, both nationally and internationally, aimed at stimulating the attraction of capital and ensuring legal certainty for the reception and expansion of foreign investments in the country.

Domestically, noteworthy achievements include the modernization of legislation relating to the foreign exchange market, foreign capital in Brazil, and Brazilian capital abroad; the updating of the public procurement and bidding regime; and the establishment of regulatory frameworks that authorize the Public Administration to adopt alternative dispute resolution methods. Internationally, Brazil has consolidated the Investment Cooperation and Facilitation Agreement (ACFI) as a model investment treaty. This instrument combines effective investment facilitation mechanisms, preserving the balance between investor protection and maintaining the State's regulatory space.

These regulatory reforms, in addition to reinforcing regulatory predictability, also expand the concrete space for private investments, notably through partnerships between the State and the private sector. It is worth noting, in this sense, that Public-Private Partnerships (PPPs) have been strengthened by the constant improvement of Brazilian regulatory frameworks: in general terms, with the Law on Bidding and Administrative Contracts [5] (Law No. 14.133/2021); and, in the sectoral field, with the Railway Law (Law No. 14.273/2021), which authorizes railway operation

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[3] Data published by the National Petroleum Agency. See: https://www.gov.br/anp/pt-br/centraisde-conteudo/publicacoes/boletins-anp/boletins/arquivos-bmppgn/2023/encarte-boletim-dezembro.pdf?utm_source=chatgpt.com.

[4] According to official data from the federal government and official statistical agencies, there has been a continued increase in industrial capacity in the coke and petroleum derivatives, chemical products, and metallurgy sectors in recent years (with particular emphasis on the significant growth in chemical, metallurgical, and petroleum derivatives production). See: https://www.gov.br/secom/pt-br/assuntos/noticias/2025/02/industria-brasileira-fecha-2024-com-crescimento-de-3-1.

[5] See: https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2021/lei/l14133.htm.

by private initiative, and[6] the Legal Framework for Basic Sanitation (Law No. 14.026/2020[7]), which encourages concessions and PPPs in the sector, opening opportunities for national and foreign investors. Another highlight is the Investment Partnerships Program (PPI), established by Law No. 13,334/2016[8], which strengthens the interaction between the State and the private sector through partnership agreements aimed at executing infrastructure projects and other privatization measures.

In view of this, and to provide even greater legal certainty and transparency to the Brazilian legal system regarding investments, this Guide aims to present, in a clear and accessible way, the applicable regulatory frameworks. It highlights national and international legal instruments, the guarantees offered to foreign investors, dispute resolution mechanisms, and institutional channels aimed at preventing and resolving disputes.

With this material, the intention is to offer investors, public managers, and other interested parties a comprehensive view of investment conditions in the country, encouraging informed decisions and commercial relations based on mutual trust and reciprocal benefit. At the same time, it reaffirms Brazil's commitment to legal certainty, regulatory integrity, and the promotion of investments that drive innovation, sustainable development, and social inclusion in the country.

[6] See: https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2020/lei/l14026.htm.
[7] See: https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2020/lei/L14026.htm.
[8] See: https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2016/lei/l13334.htm.





PART 1

GENERAL CONCEPTS

1. Foreign Investment

Foreign investment in Brazil is regulated by a solid legal framework that combines constitutional, legal, and sub-legal norms aimed at promoting legal certainty, transparency, and predictability.

A systematic analysis of these norms allows us to conclude that two forms of foreign investment are permitted in the country:

Foreign Direct Investment (FDI): a capital contribution of lasting interest, made in a country other than the investor's country of origin, with the purpose of exerting significant influence on the management of the company. It involves the direct or indirect participation of a natural or legal person, resident, domiciled, or headquartered abroad, in a company incorporated in Brazil. In other words, the distinguishing element of direct investment lies in the intention of long-term permanence, associated not only with the transfer of resources but also with engagement in the conduct of business activity; and

Portfolio Investment: also known as Foreign Portfolio Investment (FPI), refers to the purchase of securities and financial assets, such as shares and debt securities, issued by Brazilian companies and governments. It is an investment with greater liquidity and flexibility, allowing investors to buy and sell assets more quickly. These assets can be traded on stock exchanges

> or in over-the-counter markets. Unlike FDI, foreign investors do not have direct control over the company or assets in which they invest.

The entry of foreign capital is mainly governed by Law No. 14.286/2021 and regulations issued by the Central Bank of Brazil[9]. The Federal Constitution, in turn, guarantees free enterprise and equal conditions[10], imposing only specific restrictions, such as in the exploitation of mineral resources and rural property in border areas[11].

It is therefore worth highlighting some of the provisions on foreign investment brought about by Resolutions of the Central Bank of Brazil (BCB). This is because the very definition of FDI is provided by a BCB Resolution. Let's see:

> Article 2, V. direct foreign investment: direct participation of a non-resident in the share capital of a company in the country, or other economic right of a non-resident in the country derived from an act or contract whenever the return on this investment depends on the results of the business; (BCB Resolution No. 278, of 12/31/2022, as amended, effective 11/1/2023).

Regarding non-resident portfolio investments, the rules are set out in Article 5 of Joint Resolution No. 13, of December 3, 2024[12], issued by the Central Bank of Brazil (BCB) and the Securities and Exchange Commission (CVM). Article 5 of the Joint Resolution provides as follows:

> Article 5. Non-resident investments in the financial market and the securities market must be made in the same financial instruments and modalities available to resident investors, with equivalent registration requirements and operational limits, subject to the limitations of the trading environment and others expressed in the regulations.

The definition of portfolio investment – in the context of foreign capital in the country – therefore encompasses non-resident investment in the financial market and the securities market, including through

[9] The Central Bank of Brazil (BCB) is the monetary authority responsible for regulating and overseeing financial operations involving foreign capital in the country, exercising these powers based on Law No. 4,595/1964 (Article 10, items IX and X) and, more recently, Law No. 14,286/2021, which deals with the foreign exchange market, Brazilian capital abroad, and foreign capital in Brazil. Among its functions is the issuance of sub-legal regulations (resolutions, circulars, and instructions) that detail procedures for the registration, control, and reporting of foreign direct and portfolio investments.

[10] Constitution of the Federative Republic of Brazil of 1988, Articles 5 and 170: Article 5, caput: All persons are equal before the law, without distinction of any kind, ensuring to Brazilians and to foreign residents in the country the inviolability of the rights to life, liberty, equality, security, and property [...] Article 170, caput: The economic order, founded on the value of human labor and on free enterprise, is intended to ensure for all a dignified existence, in accordance with the dictates of social justice [...]

[11] Constitution of the Federative Republic of Brazil of 1988, articles 176, §1 and 190: Art. 176, §1 (exploitation of mineral resources conditioned upon authorization or concession from the Union, with mandatory participation of national capital) and art. 190 (acquisition or lease of rural property by foreigners in border areas subject to legal restrictions). Available at: http://www.planalto.gov.br/ccivil_03/constituicao/constituicao.htm

[12] Available at: https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20Conjunta&numero=13.

the Depositary Receipts mechanism[13]. This type of investment is made by any non-resident investor who is "a natural or legal person, funds and other collective investment vehicles, as an individual or collective investor" (Article 2, I, of Joint Resolution No. 13, of December 3, 2024). Portfolio investment, it should be clarified, represents investments in financial assets and securities. The financial assets and securities traded must, according to their nature, be registered, custodied, recorded or deposited in institutions authorized to provide these services. Finally, it is important to highlight that Brazil ensures non-discrimination both in the international commitments it has undertaken and in Brazilian domestic regulations – which expressly provides that "foreign capital in the country will be given the same legal treatment as that granted to national capital under equal conditions".[14] In this regard, the operational limits for non-resident investors must correspond to those required of resident investors, as provided for in Article 5 of Joint Resolution No. 13/2024.

2. Foreign investor

The investor can be a natural or legal person, as well as funds and other collective investment vehicles acting as an individual or collective investor.[15]

The foreign investor, in turn, is identified from the perspective of the "non-resident." Law No. 14,286/2021 defines it as "a natural or legal person resident, domiciled or headquartered abroad" (Article 1, sole paragraph).

According to the origin and nature of the foreign capital, this non-resident investor can then be classified under two main categories:

- **Direct investment (FDI) investor; and**
- **Portfolio investor.**

The concept of a non-resident direct investor is derived from the very definition of FDI: it refers to an investor who holds a direct stake in the share capital of a company in the country, residing, domiciled or headquartered abroad, derived from an act or contract or other economic right arising from such an act or contract, provided that the return on this investment depends on the results of the business"[16].

The portfolio investor, in turn, is the natural or legal person,

[13] Depositary Receipts are certificates issued by foreign depository institutions representing assets issued by certain Brazilian companies and investment funds, as described in Article 18 of Joint Resolution No. 13 of 2024. They are a form of foreign investment in Brazilian assets without the need to participate in the markets where these assets are directly traded.
[14] Article 9 of Law No. 14.286 of 2021.
[15] 1 Article 3, I, Joint Resolution No. 13, of December 3, 2024.
[16] Article 2, V, of BCB Resolution No. 278, of December 31, 2022.

funds and other collective investment vehicles, acting as individual or collective investors.[17]

To operate in the financial and securities markets in Brazil, non-resident portfolio investors must appoint one or more legal representatives[18] In the country and obtain registration with the CVM (article 6 of Joint Resolution No. 13/2024). These requirements are general rules that do not apply to investments made through Depositary Receipts. In any case, the joint regulation provides for exceptions to these requirements, especially when investments are made from accounts in reais held by non-residents in the country.[19][20]

General registration and representation requirements

Regardless of the investment category, Brazilian law requires that foreign investors—whether individuals or legal entities—be registered in the Federal Revenue Service's Taxpayer Registry

[17] Article 3, I, of Joint Resolution 13 of 2024, combined with Article 1, sole paragraph, of Law No. 14,286 of 2021.
[18] Regarding the legal representative of the non-resident investor, it is important to know the following provisions of Joint Resolution BCB/CVM No. 3/2024:
Article 7. The representative function referred to in Article 6, paragraph I, may be exercised by a financial institution or institution authorized to operate by the Central Bank of Brazil, as well as by clearing houses and providers of clearing and settlement services that are under the supervision of the Central Bank of Brazil within the scope of the Brazilian Payment System.
Sole paragraph. The representative referred to in the main paragraph is not necessarily the same as the representative indicated in tax legislation.
Article 8. Without prejudice to specific regulations, the representative of the non-resident investor referred to in Article 6, paragraph I, has the following powers and obligations, which must be expressly provided for in the act of establishing the exercise of representation:
I - to carry out and keep updated the registration of the non-resident investor with the Securities and Exchange Commission, as referred to in Article 6, paragraph II; II - To provide the Central Bank of Brazil and the Securities and Exchange Commission with the requested information and maintain, for a minimum period of ten years:
a) individualized control, by represented party, of the inflows and remittances made under this Joint Resolution, including the limitation of financial transfers to the balance of the non-resident's investment;
b) proof of compliance with contractual obligations and movement of funds; and
c) required supporting documentation from the parties involved in the operation, as provided for in Article 23;
III - To immediately notify the Central Bank of Brazil and the Securities and Exchange Commission, observing their respective competences, of any irregularity that comes to their attention;
IV - To immediately notify the Securities and Exchange Commission of the termination of the representation agreement;
V - to receive, on behalf of the non-resident investor, summonses, subpoenas and notifications relating to administrative, arbitration or judicial proceedings instituted based on the legislation of the financial market and the securities market, related to operations that are the subject of the representation agreement signed with the non-resident investor; and
VI - to transfer the information and documents necessary for the exercise of representation, in case of the appointment of a new representative by the non-resident investor.
Sole paragraph. In the event of non-compliance with the obligations set forth in this Joint Resolution, the representative shall be subject to the impediment of exercising his or her functions of representation, without prejudice to any applicable penalties, and the non-resident investor must appoint a new representative.
[19] See articles 14 and 16 of Joint Resolution No. 13, of December 3, 2024.
[20] Non-resident individuals can invest in financial assets or securities using their own funds held in prepaid deposit or payment accounts in Brazilian reais without needing to appoint a representative or register with the CVM (Brazilian Securities and Exchange Commission), under the same conditions applicable to residents. For legal entities, even though the requirement is waived for investments in financial assets, the obligation to appoint a representative and register with the CVM remains for investments in securities.

Specific additional requirements

- FDI: If the Brazilian entity receiving the FDI investment is required by BCB Resolution No. 278/2022 to provide information about this investment, it must include the identification information of the respective foreign investor in the SCR-IED system, which includes a CPF or CNPJ number. If the foreign investor does not yet have a CNPJ number, the recipient may use a BC system, the Non-Resident Declaratory Registry (CDNR), which allows the creation of a CNPJ for that investor. The appointment of a representative to include, consult and update such data with the Central Bank is permitted, and any financial institution or entity authorized to operate by the Central Bank may be designated.

- Portfolio Investment (FPI): Before the start of operations, the non-resident investor must: I. appoint one or more representatives in the country; and II. obtain registration with the CVM, subject to the exemptions provided for in Joint Resolution No. 13/2024. The representative responsible for providing information to the Central Bank may be a financial institution or entity authorized to operate by the Central Bank of Brazil (BCB), as well as clearing houses or providers of clearing and settlement services that are part of the Brazilian Payment System. This same representative may also perform the functions of custody, intermediation, and movement of funds[21].

Documentary obligations

Brazilian legislation also imposes the obligation to maintain supporting documentation for information provided to the competent authorities for a period of 10 (ten) years. This information must be kept in order and permanently updated[22].

[21] Joint Resolution No. 13/2024 of the Central Bank of Brazil (BCB) and the Securities and Exchange Commission (CVM).
[22] Law No. 14.286/2021, Article 11. Individuals and legal entities residing, domiciled, or headquartered in Brazil must maintain, for a period of ten years, the supporting documentation for the information provided to the Central Bank of Brazil, in order and permanently updated.





PART II

REGULATORY FRAMEWORK FOR FOREIGN INVESTMENT

3. International Regulatory Framework: Cooperation and Investment Facilitation Agreements (CFIAs)

To facilitate foreign investment in the country, Brazil has developed its own model for regulating foreign investment that combines legal certainty, predictability, and mechanisms to facilitate investment for foreign investors, while preserving the State's regulatory rights. This is the Cooperation and Investment Facilitation Agreement, or CFIA.

3.1. What is a CFIA?

The CFIA is the Brazilian model for regulating foreign investment. It consists of an international treaty that establishes favorable conditions for promoting and facilitating investment between investors from signatory states.

It is structured around 3 pillars[23]: (i) improved institutional governance; (ii) creation of mechanisms for risk mitigation and dispute prevention; and (iii) development of thematic agendas for cooperation and investment facilitation.

The model combines institutional elements (Joint Committee and Ombudsman for Direct Investments) with regulatory aspects (national treatment for foreign investors, direct expropriation, corporate social responsibility, state-to-state dispute settlement mechanism) and also dispute prevention (consultation procedures and recourse to the Joint Committee for dialogue and preventive mediation) and

[23] See: https://www.gov.br/mdic/pt-br/assuntos/camex/estrategia-comercial/acordos-de-cooperacaoe-facilitacao-de-investimentos-acfi.

investment facilitation (cooperation between focal points of each State, regulatory transparency and administrative simplification).

In line with the normative evolution of other branches of International Economic Law, the Brazilian CFIA includes clauses of the principle of national treatment, among other important clauses, as we will see below in section 3.4.

Furthermore, it is important to highlight that the CFIA, like any other international treaty signed by the Brazilian State, after the ratification and internalization process, acquires the force of law in the domestic legal system. Thus, it directly binds the Public Administration and produces effects in the domestic sphere, being endowed with enforceability. Therefore, any state measure adopted in non-compliance with its provisions may be subject to judicial challenge, including by the foreign investor himself, before the Brazilian Judiciary.

3.2. Main Clauses of the CFIAs

The CFIA model explicitly states, through its clauses, the central objectives defined by the Brazilian State for its relationship with foreign investors. In doing so, it reaffirms the country's commitment to creating a stable, transparent, and predictable legal and institutional environment that combines the attraction of foreign capital with the preservation of the regulatory space necessary for the formulation of public policies.

The instrument seeks not only to foster the entry and implementation of investments, but also to guarantee legal certainty, strengthen mutual trust between investors and the State, and promote sustainable development practices and corporate social responsibility. In this sense, the CFIA consolidates itself as a normative framework that prioritizes facilitation and institutional cooperation over a predominantly contentious logic, projecting Brazil as a protagonist in the construction of an alternative model of international governance of investment flows.

3.2.1. Definitions

The "Definitions" clause in the Model CFIA delimits the scope of investment protection for Brazilian and foreign investors, while also establishing the conceptual framework necessary for the application of the agreement.

As a definition of "Investor", we have: "a natural person or company of one of the Parties that has made an investment in the territory of the other Party." As "Investment", we have: "a direct investment by an investor of one of the Parties, established or acquired in accordance with the laws and regulations of the other Party, which, directly or indirectly, allows the investor to exercise control or a significant degree of influence over the management of the production of goods or services," followed by a non-exhaustive list of assets and operations that fall under the category of "investment." As "Investor," the model CFIA designates "any natural person or company of one Party that has

invested in good faith in the territory of the other Party in accordance with the laws and regulations of the latter Party." By "Measure" is meant "any measure adopted by a Party directly related to the investment, whether in the form of a law, regulation, procedure or administrative decision, or practice, and that has an effect on such investment."

The definitions of these concepts may undergo specific variations in the different agreements signed without altering the essence and purposes of the CFIA. In any case, the clause serves to avoid restrictive or expansive interpretations of the terms of the agreement that could lead to unwanted controversies.

3.2.2. Exceptions

The purpose of the "Exceptions" section of the CFIA is to define the scope of the Agreement, in order to ensure harmonization between the investment regime and other areas of law, especially investments interacting with the environment; with human rights; and with labor standards. These exceptions strengthen the democratic legitimacy of the CFIA by protecting a balance between promoting investment and defending the public interest, while anticipating priority areas of the State for the investor, guaranteeing the necessary legal certainty. Their provision provides predictability and legal certainty to the investor, since it allows them to know, even before the exceptional situation occurs, how the regulation will be applied.

The CFIA classifies exceptions to the agreement into two types: (a) general exceptions; and (b) security exceptions.

General exceptions (a) protect legitimate public interest objectives. They will only be permitted if they do not incur arbitrary or unjustifiable discrimination or disguised restriction on the investments of the other party. These are:

- public morals or public order;
- protection of human, animal or plant life or health;
- compliance with laws or regulations that are not incompatible with the provisions of this Agreement, including those relating to: (i) prevention of deceptive and fraudulent practices or addressing the effects of default on a contract; and (ii) protection of the privacy of individuals with regard to the processing and disclosure of personal data, as well as the protection of the confidentiality of individual records and accounts; and (iii) security; and
- conservation of exhaustible natural resources.

In turn, the security exceptions (b) provided for in the CFIA safeguard essential national security interests. These exceptions constitute true conduct reservations ensured to the signatory State, guaranteeing it the necessary freedom to adopt measures aimed at addressing exceptional situations that affect its sovereignty or integrity.

Thus, the conclusion of the CFIA will not prevent the signatory State from adopting the following measures:

- requiring the other Party to provide any information whose disclosure is considered contrary to its essential security interests;
- adopting measures it considers necessary to protect its essential security interests, such as those relating to:

  (i) fossil or smelting materials, or materials intended for their manufacture; (ii) the trafficking of arms, ammunition and instruments of war, or other goods and materials related to, or linked to, the provision of services, intended directly or indirectly for the supply or provision of military establishments; (iii) those adopted in times of war or other emergencies in international relations; or

- adopting measures intended to fulfill its obligations under the Charter of the United Nations for the maintenance of international peace and security.

3.2.3. National Treatment

The CFIA also incorporates a "National Treatment" clause, the objective of which is to ensure that investors generally receive equal treatment in relation to domestic investors: that is, signatory States must, in general, guarantee foreign investors the same conditions and benefits as domestic investors[24].

3.2.4. Direct Expropriation

The discipline of expropriation under the CFIA reflects Brazil's effort to, on the other hand, reconcile the protection of foreign investment and, on the other, preserve the public interest.

Expropriation is governed by internationally accepted standards on the subject: in addition to the requirement of public interest, it is also conditional upon non-discrimination, observance of due process, and the payment of fair compensation. In fact, the deprivation of a foreign investor's property by the State will only be considered legitimate if, besides being devoid of discriminatory character, it is based on social interest or public utility and occurs through a legal process aimed at ensuring effective compensation for the investor.

The CFIA also reflects specific situations permitted under the Brazilian Constitution for expropriation: (1) there will be no compensation when the property is linked to serious illegal activities, such as the cultivation of narcotics or the use

[24] However, the equalization is conditional upon restrictions that existed prior to the time the investment was made.

of slave labor[25], and (2) compensation by means of public debt securities in cases of non-compliance with the social function of property[26].

It should be noted that the CFIA is limited to providing for the institute of direct expropriation, completely excluding the application of the indirect expropriation clause - a concept used in traditional investment agreements, but whose practical applicability (especially in arbitration practice) has restricted the regulatory margin of States, compromising legal certainty and the State's own capacity to adopt public policies in sensitive areas such as health, the environment and social rights.

3.2.5. Transfer of Funds

The CFIA guarantees the foreign investor the right to freely transfer funds related to investments abroad, ensuring predictability and confidence regarding the repatriation of capital. However, it expressly provides for exceptional cases in which such transfers may be subject to restriction or delay - such as in cases of bankruptcy or fulfillment of financial obligations arising from a possible criminal conviction. In addition, it establishes cooperation mechanisms between the competent authorities of the signatory States, in order to coordinate the execution of these measures in a transparent manner and in accordance with the legal system of each party.

3.2.6. Corporate Social Responsibility

Sustainability is also a structuring vector of the CFIA, which dedicates a specific section to the topic of Corporate Social Responsibility (CSR). From this perspective, the treaty is not limited to protecting invested capital but also seeks to align business activity with the values of sustainable development and respect for the norms and well-being of local communities. The CSR clause thus encourages investors to make their best efforts in fulfilling the following objectives:

- Contribution to economic, social and environmental progress, aiming at sustainable development;
- Respect for internationally recognized human rights;
- Encouragement of local capacity building and cooperation with communities;
- Creation of human capital through jobs and professional training;
- Avoidance of seeking or accepting exemptions not provided for by law (human rights, environment, health, labor, taxes, etc.);

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[25] Federal Constitution, Article 243. Rural and urban properties in any region of the country where illegal crops of psychotropic plants are found or where slave labor is exploited, as defined by law, will be expropriated and allocated to agrarian reform and popular housing programs, without any compensation to the owner and without prejudice to other sanctions provided for by law, observing, where applicable, the provisions of Article 5.

[26] Federal Constitution, Article 184. It is the responsibility of the Union to expropriate, for reasons of social interest and for the purposes of agrarian reform, rural property that is not fulfilling its social function, through prior and fair compensation in agrarian debt bonds, with a clause preserving the real value, redeemable within a period of up to twenty years, starting from the second year of their issuance, and whose use will be defined by law.

- Support and application of good corporate governance practices;
- Implementation of internal self-regulation mechanisms that promote trust with the local community;
- Promotion of the dissemination of corporate policy among employees, with training programs;
- Avoidance of reprisals against employees who report legal or internal violations;
- Encouragement of business partners and service providers to adopt the same principles of conduct; and
- Abstention from undue interference in local political activities.

Although these provisions are voluntary, they guide the investor, urging them to conduct their economic activity in accordance with social, environmental and governance values and, thereby, to align their practices with the values and priorities of the host State.

The CSR clause reflects the commitment of the Brazilian State, together with the co-signatory State of the CFIA, to sustainability, good governance and respect for human rights, seeking to align the entry of foreign capital with the objectives of inclusive, sustainable and long-term development.

3.2.7. Anti-Corruption and Anti-Crime Measures

The issue of corruption is also present in the CFIA, which contains clauses discouraging illicit practices, aimed at shielding the investment regime against illegal acts.

The CFIA imposes on States Parties the duty to adopt and maintain measures to prevent and combat corruption, money laundering, and the financing of terrorism, always in accordance with their national laws.

For investors, it establishes the prohibition of conduct associated with corrupt practices and establishes the obligation to observe standards of legality in their operations, with emphasis on compliance with tax legislation and the regular payment of taxes.

Its provisions also prohibit complicity in corrupt acts and require compliance with tax regulations. Thus, the Brazilian model not only combats transnational crimes, but also aligns the attraction of foreign investment with broader objectives of sustainability, integrity, and democratic legitimacy. And, in the end, it strengthens the credibility of the international investment regime and differentiates Brazil as a normative actor that seeks to reconcile economic development with values of responsible governance.

3.2.8. Investment Facilitation

Another pillar of the CFIA is the facilitation of foreign investment. The CFIAs value the adoption of practices that ensure greater reliability and predictability for foreign investors, in order to favor an increase in the flow of investments. To achieve this objective, the

timely access to clear and accurate information is a fundamental element.

In this sense, the model establishes the country's commitment to promoting transparency mechanisms in its bodies and institutions. The duty of transparency includes the exchange of information between signatory States on investment opportunities in their territories, as well as the exchange of information on laws, regulations and administrative practices. Thus, it is up to the State to make clear information available to foreign investors about its internal procedures and regulations, whether of a judicial, administrative or extrajudicial nature.

Following its most recent update, the CFIA model incorporated new investment facilitation standards inspired by the text of the World Trade Organization's Agreement on Investment Facilitation for Development (AFID)[27].

Among the facilitation mechanisms absorbed by the CFIA, two central axes stand out: transparency and investment authorization.

Transparency

States Parties must make public, except in exceptional situations, all domestic rules or international agreements that affect foreign investment, preferably by the date the measures come into force. This obligation ensures that investors can quickly familiarize themselves with new regulations. Furthermore, States are required to grant a reasonable period between the publication of the rule and its enforceability, allowing investors to adapt appropriately. The measures must be accompanied by a clear justification of their reasons and objectives.

The CFIA also requires States to make relevant investor information available electronically, including: (a) laws and regulations that specifically address foreign direct investment; (b) information on which sectors are open, restricted or prohibited to foreign direct investment; (c) information on the practical steps relevant to investing in their territory; and (d) contact information for the relevant competent authorities.

It is important to highlight that no fee will be charged to the investor for access to such information.

Investment Authorization

Regarding the authorization of foreign investment, the CFIA stipulates that domestic measures by States should not cause undue delays or disproportionate obstacles to the realization of the investment. The authorization process must be conducted based on objective and transparent criteria. It must also be impartial, ensuring the investor the possibility of demonstrating compliance with the requirements demanded by the State.

In order to streamline this authorization procedure, the

[27] Although finalized on February 25, 2024, the AFID has not yet been incorporated into WTO law.

CFIA provides that State authorities: (I) receive the application during any period of the year; (II) accept certified copies of the documents required during the procedure; (III) inform the timeframe for processing the authorization; (IV) update the investor regarding the progress of the process; (V) process the analysis without undue delays; (VI) inform, in writing, of the decision rendered; and (VII) allow the submission of additional documents to supplement the request; (VIII) ensure that the authorization takes effect immediately after its approval; and (IX) ensure that the fees charged during the procedure are reasonable and transparent. Furthermore, in cases where investment authorization depends on the opinion of multiple authorities, the CFIA encourages the use of the "Single Window"[28] mechanism, in order to concentrate and expedite the processing of the request in a single portal where the investor can manage information and documents in a centralized, agile and online manner. This avoids overlapping requirements, ensuring greater predictability and efficiency in the investment approval process.

Direct Investment Ombudsman

The CFIA also establishes the innovative figure of the "Direct Investment Ombudsman" (DIO)[29]. The OID aims to offer support to foreign investors: it receives investor inquiries, both to clarify general questions about legislation or administrative procedures related to investment and to assist in resolving specific situations related to the competencies of government bodies that affect their investment. Inquiries directed to the OID can be made electronically at no cost to the investor.

The OID thus plays an important role in preventing disputes, a topic that will be discussed in more detail in Part III of this Guide.

3.3. Consolidation of Partnerships: CFIAs Signed by Brazil

The Brazilian CFIA model has achieved significant results, having been adopted in bilateral agreements signed with several countries. Its logic has also inspired instruments of greater thematic scope, such as the Economic and Trade Expansion Agreement between Brazil and Peru and the Free Trade Agreement between Brazil and Chile, both containing Investment Chapters based on the CFIA model.

Therefore, the Investment Agreements signed by the Brazilian

[28] Decree No. 12,615, of September 5, 2025, establishes Brazil's Single Investment Window. The mechanism is intended to "streamline the processes and procedures required for carrying out investments in the country." Available at: https://www.in.gov.br/en/web/dou/-/decreto-n-12.615-de-5-de-setembro-de-2025-653601966. See also: https://www.gov.br/mdic/pt-br/assuntos/noticias/2025/setembro/decreto-institui-janela¬unica-para-facilitar-e-ampliar-investimentos-estrangeiros-no-brasil

[29] More information can be found on the OID Electronic Portal available at https://oid.mdic.gov.br/en.

State under its Investment Agreement model, the CFIA, are listed below.

Within the scope of Mercosur, the Cooperation and Investment Facilitation Protocol (PCFI) was signed by the Member States, also based on the premises of the CFIA. Premises of the CFIA were also incorporated into the Free Trade Agreement between the Southern Common Market ("Mercosur") and the Republic of Singapore.

The following table provides more details on the international investment agreements signed by Brazil, indicating the current stage of the agreement as well as links to obtain more information about the agreement of interest to the investor.

Country	Status of the Agreement	Information
Angola	In force	Cooperation and Investment Facilitation Agreement between the Government of the Federative Republic of Brazil and the Government of the Republic of Angola[30] Decree of internalization: Decree No. 9,167, of October 11, 2017.[31]
Colombia	Pending ratification by the Colombian State	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the Republic of Colombia.[32]
Chile	In force	Free Trade Agreement between the Federative Republic of Brazil and the Republic of Chile.[33] Decree of internalization: Decree No. 10,949, of January 26, 2022.[34]

[30] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/11651?tipoPesquisa=2&TituloAcordo=angola%20%20E%20investimento&TipoAcordo=BL,TL,ML.

[31] See: https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2017/decreto/d9167.htm.

[32] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/11736?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20a%20Rep%C3%BAblica%20da%20Col%-C3%B4mbia&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[33] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12314?TituloAcordo=Acordo%20de%20Livre%20Com%C3%A9rcio%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20a%20Rep%C3%BAblica%20do%20Chile&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[34] See: https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2022/decreto/d10949.htm. See: https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2017/decreto/d9167.htm.

United Arab Emirates	In force	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the United Arab Emirates.[35] Decree incorporating the agreement into domestic law: Decree No. 11.696, of September 11, 2023.[36]
Ecuador	In force	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the Republic of Ecuador.[37] Decree incorporating the agreement into domestic law: Decree No. 12.495, of June 5, 2025.[38]
Ethiopia	Pending ratification by the by the Ethiopian State	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the Federal Democratic Republic of Ethiopia.[39]
Guiana	Pending before the National Congress	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and a República Cooperativa da Guiana.[40]
India	In force as of December 21, 2025	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the Republic of India.[41]

[35] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12265?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20os%20Emirados%20%C3%81rabes%20Unidos&-tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[36] See: https://www.planalto.gov.br/ccivil_03/_ato2023-2026/2023/decreto/d11696.htm

[37] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12332?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20a%20Rep%C3%BAblica%20do%20Equador&ti-poPesquisa=1&TipoAcordo=BL,TL,ML.

[38] See: https://www.planalto.gov.br/CCivil_03/////_Ato2023-2026/2025/Decreto/D12495.htm.

[39] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12117?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20a%20Rep%C3%BAblica%20Democr%C3%A1ti-ca%20Federal%20da%20Eti%C3%B3pia&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[40] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12234?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20a%20Rep%C3%BAblica%20Cooperativa%20da%20Guiana&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[41] See: https://www.planalto.gov.br/ccivil_03/_ato2023-2026/2025/decreto/D12666.htm.

Malawi	Pending ratification by Malawi	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and to the Republic of Malawi.[42]
Morocco	Pending promulgation/ Ministry of Foreign Affairs	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the Kingdom of Morocco.[43]
MERCOSUR (Argentina, Paraguay and Uruguay)	In force	Intra-MERCOSUR Cooperation and Investment Facilitation Protocol (PCFI).[44] Decree incorporating the agreement into domestic law: Decree No. 10.027, of April 7, 2017.[45]
Mercosur and Singapore	Under consideration by the Ministry of Foreign Affairs	Free Trade Agreement between the Southern Common Market ("Mercosur") and the Republic of Singapore.[46]
Mexico	In force	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the United Mexican States.[47] Decree incorporating the agreement into domestic law: Decree No. 9.495, of September 6, 2018.[48]

[42] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/11650?TituloAcordo=malawi&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[43] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12292?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20em%20Mat%C3%A9ria%20de%20Investimentos%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20o%20Reino%20de%20Marroco&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[44] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/11984?TituloAcordo=Protocolo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20Intra-Mercosul%20(PCFI).&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[45] See: https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2019/decreto/d10027.htm

[46] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12899?TituloAcordo=Acordo%20 de%20Livre-Com%C3%A9rcio%20entre%20o%20Mercado%20Comum%20do%20Sul%20(%27%27Mercosul%27%27)%20e%20a%20Rep%C3%BAblica%20de%20Singapura&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[47] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/11623?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20os%20Estados%20Unidos%20Mexicanos&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[48] See: https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2018/decreto/d9495.htm.

Mozambique	Pending ratification by Mozambique	Cooperation and Investment Facilitation Agreement between the Government of the Federative Republic of Brazil and the Government of the Republic of Mozambique.[49]
Peru	Pending ratification by Peru	Economic and Trade Expansion Agreement between the Federative Republic of Brazil and the Republic of Peru.[50]
São Tomé e Príncipe	Pending before the National Congress	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the Democratic Republic of São Tomé and Príncipe.[51]
Suriname	Pending ratification by Suriname	Cooperation and Investment Facilitation Agreement between the Federative Republic of Brazil and the Republic of Suriname.[52]

[49] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/11636?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20entre%20o%20Governo%20da%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20o%20Governo%20da%20Rep%C3%BAblica%20de%20Mo%C3%A7ambique&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[50] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/11810?TituloAcordo=Acordo%20de%20Amplia%C3%A7%C3%A3o%20Econ%C3%B4mico-Comercial%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20a%20Rep%C3%BAblica%20do%20Peru.&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[51] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12709?TituloAcordo=s%C3%A3o%20tom%C3%A9%20e%20pr%C3%ADncipe&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

[52] See: https://concordia.itamaraty.gov.br/detalhamento-acordo/12128?TituloAcordo=Acordo%20de%20Coopera%C3%A7%C3%A3o%20e%20Facilita%C3%A7%C3%A3o%20de%20Investimentos%20entre%20a%20Rep%C3%BAblica%20Federativa%20do%20Brasil%20e%20a%20Rep%C3%BAblica%20do%20Suriname.&tipoPesquisa=1&TipoAcordo=BL,TL,ML.

4. Domestic Regulatory Framework

Brazilian law does not distinguish between domestic and foreign investments or investors, as already mentioned.

The discussion regarding legal-economic restrictions between foreign and domestic investors was only relevant under Article 171 of the Constitution, which differentiated between Brazilian companies and companies with national capital, based on criteria of corporate control and majority voting capital. With the repeal of this article by Constitutional Amendment No. 6/1995, the concept of a company with national capital was removed from the legal system, leaving only the concept of a national company, understood as a company organized in accordance with Brazilian law and having its administrative headquarters in the country (Article 60 of Decree-Law No. 2,627/1940).

Therefore, domestic and foreign companies equally enjoy the right to free enterprise and free competition in accordance with the current legal system. Thus, in order for the investor to understand this legal order, enjoying their rights and being aware of their duties, this section presents the main regulatory regimes that directly or indirectly affect investments in Brazil: (I) Regime for the entry of foreign capital; (II) Corporate regime; (III) Tax regime; (IV) Labor regime; and (V) Regime for bidding and contracting with the Public Administration.

4.1. Regime for the Entry of Foreign Capital into Brazil

When dealing with the economic and financial order, the Constitution guarantees everyone the free exercise of any economic activity, regardless of authorization from public bodies, except in cases provided for by law. As a rule, the Brazilian legal-constitutional system does not discriminate between national and foreign companies, allowing both to be established in the country and develop economic activities on equal terms.

However, there are sectors of exclusive exploitation by the Union, such as: currency issuance; postal service; sound and image broadcasting; electricity and other telecommunications services; air and aerospace navigation and airport infrastructure; rail and waterway transport between Brazilian ports and national borders; interstate and international road passenger transport; as well as the exploitation of maritime, river and lake ports.

In other strategic sectors, the state monopoly allows for the complementary participation of private initiative, through concession, authorization or sharing agreements. This is the case of the oil activity which, although it constitutes a Union monopoly, can be exploited by private individuals, under the terms of applicable legislation[53]. The legal framework for foreign capital in the country is no longer Law No. 4,131 of 1962, referred to in the primer as the "Profit Remittance Law," but Law No. 14,286 of December 29,

[53] CF/88, art. 177; Law No. 9,478/1997; Law No. 12,351/2010.

2021. According to the new regulations, the Central Bank of Brazil (BCB) now holds the primary authority for regulating the foreign exchange and international capital markets. Furthermore, in accordance with Article 9 of Law No. 14,286 of 2021[54], it was expressly stated that there would be equal treatment between domestic and foreign capital, except for the exceptions established by law.

4.1.1. Official Foreign Exchange Market

As mentioned, following the changes in the regulatory framework, the Brazilian foreign exchange market began to be regulated by the Central Bank of Brazil (BCB), observing the guidelines established by the National Monetary Council (CMN)[55]. With the regulatory innovation, the provisions of the previous law that restricted access by foreign-owned companies to the national financial system were repealed, including limitations during periods of financial imbalance.

Currently, foreign exchange market operations can be carried out freely, without value limitations, as long as current legislation, guidelines established by the CMN (National Monetary Council), and regulations issued by the BCB (Central Bank of Brazil) are observed. These foreign exchange market operations must be conducted by institutions authorized by the BCB to operate in this market. There is no restriction on financial transfers from Brazil to abroad, which can be carried out directly through the authorized network, without the need for BCB intervention. Additionally, institutions authorized to operate in the foreign exchange market may also maintain accounts in reais (Brazilian currency) held by non-residents, in accordance with articles 67 and 68 of BCB Resolution No. 277 of 2022[56]. These accounts can be used by non-residents to make investments in the country. According to BCB (Central Bank of Brazil) regulations, the conditions for opening, maintaining, and closing accounts in reais for non-residents have been equated to those for resident accounts, guaranteeing equality and predictability for investors.

4.1.2. Entry and Monitoring of Foreign Capital

There is no requirement for prior examination or authorization from the BCB for the entry of foreign capital. In external credit and foreign direct investment operations, the criteria of legality, economic justification, and compatibility with the conditions usually observed in international markets must be observed. The supporting documentation for the operations must be kept for a period of 10 (ten) years, counted from the conclusion of the operation, in the case of external credit, or from the termination of participation in the share capital of the recipient, in the case of

[54] Law No. 14,286, of December 29, 2021. Provides for the foreign exchange market, Brazilian capital abroad and foreign capital in the country; and takes other measures. Official Gazette of the Union: section 1, Brasília, DF, December 30, 2021. Available at: https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2021/lei/L14286.htm.

[55] The guidelines from the National Monetary Council (CMN) for conducting operations in the foreign exchange market are currently set forth in CMN Resolution No. 5,042, of November 25, 2022. The Central Bank of Brazil (BCB) regulations governing the foreign exchange market and the entry and exit of funds in reais, and foreign currency are contained in BCB Resolution No. 277, of December 31, 2022.

[56] Resolution BCB No. 277, of December 31, 2022. Provides for the foreign exchange market and other measures. Official Gazette of the Union: section 1, Brasília, DF, January 2, 2023. Available at: https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20BCB&numero=277.

foreign direct investment. During this period, the BCB may request such documents from the debtor of the external credit operation or from the recipient of the FDI whenever it deems necessary.

Furthermore[57], under the new legal framework, the former requirement to register foreign capital has been replaced by an information reporting system. For external credit and FDI operations, reporting to the Central Bank of Brazil (BCB) is now required only for a limited set of operations, considering value ranges and specific conditions, as set out in BCB Resolution No. 278 of 2022. Proportionality criteria were used to establish the reporting requirements, considering the values, characteristics and purposes of the operations.

The reporting of information must be carried out through the Foreign Capital Reporting Systems for External Credit (SCE-Crédito) and Foreign Direct Investment (SCE-IED).

Specifically for FDI, the recipient of the investment must provide information periodically in the following situations: (i) total assets equal to or greater than three hundred million reais for quarterly reports; (ii) total assets equal to or greater than one hundred million reais for annual reports; (iii) and total assets of a value equal to or greater than one hundred thousand reais for the five-year declarations.

In addition to the periodic declarations, information must be provided in the case of financial transfers resulting from FDI equal to or greater than one hundred thousand dollars – which are automatically captured from the Exchange System, a system for registering foreign exchange transactions, when they involve this type of operation.

Information on foreign direct investment (FDI) must also be provided when there are other types of transactions without financial transfer equal to or greater than one hundred thousand dollars, such as foreign investment made through the transfer of assets.

The new regulation also eliminated the requirement to provide information to the Central Bank of Brazil (BCB) on contracts between residents and non-residents relating to the use or assignment of patents, trademarks, technology supply, provision of technical services and similar services, external operating leases, and rental and chartering.

Regarding portfolio investment, Joint Resolution No. 13 of 2024[58], the requirement for Electronic Declaratory Registration (RDE-Portfolio) has been eliminated. Therefore, foreign investments in the financial and securities markets no longer require declaration in a specific system, as the information pertaining to them is now captured from the custody and centralized registration systems for assets traded in these markets.

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[57] Resolution BCB No. 278, of December 31, 2022. Provides for foreign capital in the country and the provision of information to the Central Bank of Brazil. Official Gazette of the Union: section 1, Brasília, DF, January 2, 2023. Available at: https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20BCB&numero=278.

[58] Joint Resolution No. 13, of February 21, 2024. Provides for foreign capital in the country and for operations in the foreign exchange market. Official Gazette of the Union: section 1, Brasília, DF, February 23, 2024. Available at: https://www.in.gov.br/en/web/dou/-/resolucao-conjunta-n-13-de-21-de-fevereiro-de-2024-547698805.

4.1.3. Reinvestment of Profits by Foreign Investors

Law No. 14,286 of 2021 also revoked the provisions of Law No. 4,131/62 that mandated the registration of reinvestments of profits from foreign capital. Until September 2024, the provision of information to the Central Bank of Brazil (BCB) regarding foreign direct investment (FDI) was still required when there was a movement representing reinvestment in an amount equal to or greater than one hundred thousand dollars. From October 1, 2024, with the entry into force of BCB Resolution No. 410 of September 11, 2024, this requirement to provide information was revoked. From then on, reinvestment is captured only indirectly, reflecting in the total value of foreign investment declared periodically by the recipients when providing information, as explained previously.

4.2. Corporate Regime: Legal Entity Investor

Foreign investors seeking to operate in Brazil can take on various forms of legal entity, in accordance with national corporate law. On the other hand, they may be incorporated under foreign law and, once the legal requirements are met, will acquire legal personality to operate in Brazilian territory, being fully subject to national civil, commercial, tax and labor law regulations, as well as the regulatory obligations specific to their sector of activity.

A "foreign company" is considered to be one whose organization is carried out in accordance with the legislation of its country of origin in which it has its administrative headquarters [59]. Foreign business entities are regulated [60] by the Brazilian Civil Code (1,134 to 1,141) and also by the relevant commercial legislation, especially the Corporations Law (Law No. 6,404/76) and Decree-Law No. 2,627/1940, in addition to administrative acts.

To operate in Brazil, a foreign company depends on prior authorization from the Executive Branch, followed by the registration of its articles of incorporation with the Commercial Registry of the state where the branch, agency, subsidiary or establishment is located.

Alternatively, the foreign investor may choose to directly establish a national company in Brazil, submitting to the rules of Brazilian corporate law. In the Brazilian legal system, a natural or legal person who professionally carries out an organized economic activity for the production or circulation of goods or services is considered a businessperson, except for those of an exclusively intellectual, scientific, literary or artistic nature (unless they constitute an element of a business). The exercise of this activity depends, in principle, on registration

[59] This definition is derived, mutatis mutandis, from the definition of "national society" provided by the Civil Code: Article 1,126. A society is considered national if it is organized in accordance with Brazilian law and has its administrative headquarters in the country.

[60] To operate in Brazil, a company requires authorization from the Executive Branch, followed by registration of its articles of incorporation with the Commercial Registry of the state where the branch, agency, subsidiary, or establishment is located. This regulation is found in articles 1,134 to 1,141 of the Civil Code, supplemented by commercial regulations such as the Corporations Law (Law No. 6,404/1976), Decree-Law No. 2,627/1940, and administrative acts issued by the competent authorities.

in the Public Registry of Commercial Companies, under the responsibility of the Commercial Boards – if registered, they are incorporated companies; if not registered, they are unincorporated.

For incorporated companies, their business activity is preceded by registration in the Public Registry of Commercial Companies, for which the Commercial Boards are responsible. They can adopt the following types of companies: simple companies, general partnerships, limited partnerships, limited partnerships by shares, limited liability companies, and corporations - the latter two being the most common, which is why it is worth noting their main characteristics.

The limited liability company, regulated by the Brazilian Civil Code, is constituted by means of a social contract that establishes for each partner their responsibility according to the value of their quotas. The partners are jointly and severally liable until the share capital is fully paid up. It can be composed of 1 (one) or more people. In that case, in the so-called Single-Member Limited Liability Company (SLU), the sole partner can be a national or a foreigner. The corporation, regulated by Law No. 6,404/1976, has its capital represented by shares that circulate freely. This refers to a capital company that seeks to generate profits to be distributed to its shareholders as dividends or in the form of interest on equity. It may be considered open or closed, depending on whether or not the securities it issues can be traded on the capital market.

Unincorporated companies, in turn, although they do not formalize their constitution by contract nor register their constitutive acts, the law attributes legal effects to them. This is the case of the common company and the joint venture. The common company can only be proven to third parties in writing. In the absence of a limiting agreement on powers, the company's assets are fully liable for management acts, and the partners are jointly and severally liable for the company's obligations without application of the benefit of order. The joint venture is characterized by the exclusive exercise of the company's purpose by one of the partners (called the "ostensible partner"), in his name and with exclusive responsibility. The other partners only participate in the corresponding results.

In addition to so-called business corporations, Brazilian legislation regulates associations (articles 53 to 61, Civil Code), foundations (articles 62 to 69, Civil Code) and cooperatives (articles 1,093 to 1,096, Civil Code and Law 5,764/1971[61]), with a non-profit purpose, and with specific characteristics and objectives.

4.3. Tax regime

The Brazilian tax system does not establish distinctions in tax treatment based on the taxpayer's nationality—including in the case of investors. Thus, the simple fact that an investor is foreign does not, in itself, entail any additional burden or discriminatory treatment

[61] See: https://www.planalto.gov.br/ccivil_03/leis/l5764.htm.

in tax matters: their taxation will follow the same rules applicable to any other taxpayer.

The relevant criterion for tax purposes is, in reality, that of tax residency, as governed by Income Tax legislation and consolidated in RFB Normative Instruction No. 208, of September 27, 2002.

Thus, only when the foreign investor — whether an individual or a legal entity — is not considered a tax resident in Brazil will they be subject to a differentiated tax regime. It is important to highlight, however, that this differentiation stems exclusively from their non-resident status, and not from their nationality.

On the other hand, when they are a tax resident in Brazil, the investor, even if foreign, will be subject to the same rules applicable to resident nationals. It is therefore important to note which taxes are levied in Brazil.

Taxes by type

For each federative entity, the competence to establish, supervise, and collect the taxes assigned to it is provided for. The Brazilian Federal Constitution grants the Union, the States, and the Municipalities the authority to levy taxes, which are classified into: taxes, fees, improvement contributions, compulsory loans, and special contributions.

The collection of fees is based on the exercise of police power or the effective or potential use of effective and divisible public services made available to the taxpayer. The payment of the betterment levy stems from the economic benefit attributed to the taxpayer's real estate assets due to public works. Special contributions under the exclusive jurisdiction of the Union are divided into contributions for intervention in the economic domain, contributions in the interest of professional or economic categories, and social contributions. Compulsory loans, under the exclusive jurisdiction of the Union, are levied in cases of urgent public investment of relevant national interest, or to meet extraordinary expenses arising from public calamity or external war.

The following are federal taxes: Import Tax (II), Export Tax (IE), Rural Land Tax (ITR), Tax on Financial Operations (IOF), Income Tax (IR - individuals and legal entities), Tax on Industrialized Products (IPI), Tax on Large Fortunes (IGF), provided for in the Federal Constitution, and environmental or sanitary CIDE, although the latter two have not yet been established or regulated[62]. Also noteworthy are the Social Contribution for the Financing of Social Security (COFINS), the Social Contribution on Net Profit (CSLL), the Social Integration Program (PIS), and other social security contributions.

The following taxes fall under the jurisdiction of the states: the Tax on Operations Related to the Circulation of Goods and on the Provision of Interstate and Intermunicipal Transportation and Communication Services (ICMS), the Tax on the Ownership of Motor Vehicles (IPVA), and the Inheritance

[62] With the exception of the CIDE tax, which was established for CIDE-Fuels (Law 10.336 of 2001).

and Donation Tax (ITCMD).

Municipal taxes include Tax on Services of Any Nature (ISS), Tax on Urban Real Estate (IPTU), and Tax on the Transfer of Real Estate Between Living Persons (ITBI).

Taxation on income

Regarding income taxation, further clarification is necessary. In this case, Brazil adopts the principle of taxation on a worldwide basis for individuals or legal entities resident in the country: both incomes earned in the country and abroad is potentially taxable in Brazil.

For individuals who are tax residents in Brazil, the progressive IRPF (Brazilian Individual Income Tax) table applies, with the possibility of legal deductions and annual adjustments, including on income earned abroad. Non-residents (individuals or legal entities) are taxed exclusively at source, definitively, on income earned from Brazilian sources, with fixed rates, for example:

- In general: 15% for income from royalties, interest and services;
- 25% for income from work without an employment relationship (e.g., salaries paid to non-residents);
- 25% also applies to income paid to beneficiaries located in jurisdictions with preferential taxation or privileged tax regimes, as defined in RFB Normative Instruction No. 1,037 of 2010.

In transactions between related parties, where one of the parties is not resident in Brazil, transfer pricing rules apply, which limit the freedom to set prices, requiring that the prices charged are compatible with market prices.

Brazil fully updated its legislation on the subject through Law No. 14,596 of 2023[63], incorporating the OECD transfer pricing model.

The new legislation introduced specific rules for intangibles, intra-group services, and corporate restructurings, and it is important to note that: a) the rules do not apply to foreign-owned companies domiciled in Brazil when operating among themselves within the national territory; and b) the rules apply when there are transactions between residents and non-residents, regardless of nationality.

Tax Reform

Constitutional Amendment No. 132 of 2023 established a new model for consumption taxation in Brazil, with the aim of increasing economic neutrality, reducing cumulativeness, and simplifying tax compliance. This model is being gradually regulated, and its practical effects are already outlined by Complementary Law No. 214 of 2025, which established the following transition schedule:

- 2026: Start of collection of the new taxes with test rates:

[63] See: https://www.planalto.gov.br/ccivil_03/_ato2023-2026/2023/lei/l14596.htm.

CBS (Contribution on Goods and Services) at a rate of 0.9%; IBS (Tax on Goods and Services) at a rate of 0.1%.

- 2027: Start of CBS collection at its almost full rate (99.9% of the future definitive rate) and collection of IBSS at a still symbolic rate: CBS: 99.9% of the standard rate;

IBS: rate of 0.05% for states and 0.05% for municipalities.

- 2027: Extinction of federal taxes levied on consumption: PIS and Cofins contributions will be fully replaced by the CBS;

IPI will be extinguished, except for products with similar products manufactured in the Manaus Free Trade Zone;

Selective Tax will be instituted, with collection also beginning in 2027.

- 2027 to 2032: Period of coexistence between the old and new subnational taxes:

- ICMS and ISS still coexist with the IBS;
- The ICMS and ISS rates will be gradually reduced (10% per year from 2029 to 2032), while the IBS rates will be progressively increased, until complete replacement in 2033.

- 2033: Definitive extinction of the old subnational taxes (ICMS and ISS) and full adoption of the IBS.

This transition process is accompanied by several institutional adjustment and compensation measures, such as: federal compensation mechanisms, with transition periods extending until 2078, and with financial effects until 2090; system for returning accumulated credits and reimbursing credit balances; Phased elimination of tax benefits granted under the previous regime; establishment of a national management committee for the IBS, with representation from the States and Municipalities, aimed at harmonizing subnational legislation during the period of coexistence between the two systems.

4.4. Labor regime

Brazilian labor legislation is governed primarily by the Consolidation of Labor Laws (CLT)[64], which establishes the rights and duties of employees and employers. It is fundamental that the foreign investor understands that Brazilian labor laws apply universally to all workers in the national territory, regardless of the nationality of the employer or the capital invested. There is, therefore, no legal distinction in labor treatment between companies with national and foreign capital.

The main aspects of labor legislation include, in summary:

[64] Decree-Law 5.452, of May 1, 1943. Available at: https://www.planalto.gov.br/ccivil_03/decreto-lei/Del5452compilado.htm.

- Employment Contract: May be for a fixed or indefinite term, with indefinite-term contracts constituting the general rule;
- Working Hours: The normal working hours are 8 hours per day and 44 hours per week, with limits on overtime and the need for additional payment;
- Minimum Wage: Respect for the minimum wage or the category's minimum wage, according to collective agreements or conventions;
- Vacation: Right to 30 days of vacation for every 12 months of work, with an additional one-third of the salary (constitutional third);
- 13th Salary: Payment of an additional salary divided into two installments, usually in November and December;
- Guarantee Fund for Length of Service (FGTS): Monthly deposit of 8% of the employee's salary into a linked account, which can be withdrawn in specific situations (dismissal without just cause, retirement, etc.);
- Social Security: Collection of social security contributions on the payroll; • Legal quota for the inclusion of people with disabilities (PWD): companies with 100 or more employees must fill a portion of their positions (2 to 5%) with rehabilitated beneficiaries or qualified people with disabilities;
- Contract Termination: Specific rules for dismissal with or without just cause, including prior notice, FGTS fine (40% in case of dismissal without just cause) and other severance payments;
- Occupational Safety and Health (OSH): Compliance with Regulatory Standards (NRs) that establish requirements and procedures related to occupational safety and medicine;
- Collective Bargaining Agreements (ACT/CCT): In addition to the CLT (Consolidation of Labor Laws), it is crucial to observe the collective agreements and conventions of the professional and economic category, which may establish more favorable working conditions for employees; and

To guarantee legal security in labor relations, foreign investors are also advised to consider the following aspects:

- Labor due diligence: Before any acquisition, merger, or significant investment, it is highly recommended to conduct labor due diligence. This allows for the identification of hidden liabilities, litigation risks, and non-compliance with legislation, providing a clear view of the target company's labor situation. Self-diagnostic labor tools are available on the official website of the Brazilian Government[65];
- Hiring Foreign Labor: If the investor intends to bring in foreign labor, they must observe the specific rules for work visas, residence permits, and quotas for hiring Brazilian employees (the CLT requires that the proportion of Brazilian employees be at least two-thirds of

[65] See: https://www.gov.br/pt-br/servicos/realizar-autodiagnostico-trabalhista.

the total number of employees); and
- Labor Inspection: Labor Inspectors conduct inspections to verify compliance with labor laws.

4.5. Public Procurement and Contracting with the Public Administration

As stipulated in Article 37 of the Constitution, bidding is the formal administrative procedure through which the Public Authority, seeking to achieve the most efficient result, selects the best proposal submitted, whether due to the best price, the method of service provision and execution, or the supplier's specialization. The general rules for bidding are set forth in Law No. 14,133, of April 1, 2021, with an English translation available at https://www.gov.br/compras/pt-br/nllc/LeideLicitaeseContratos14133traduzidaemingles.pdf.

Generally, any foreign bidder can participate in bidding processes in Brazil, without needing to reside in the country or establish a company there. However, if the bidder wins, depending on the nature of the contract, authorization to operate in Brazil may be required at the time of contracting. The bidder must present documents equivalent to those required of Brazilian companies[66].

4.5.1. Types and Procedures of Bidding

The public procurement procedure is mandatory for contracting works, services, purchases, and sales by the Direct and Indirect Public Administration (autonomous agencies and public foundations) of any of the branches of government (Legislative, Executive, and Judicial) of the Union, States, and Municipalities, as well as involving contracts related to the concession and permission of public services (Law No. 8,987/1995).

The Public Procurement Law does not apply to state-owned companies (public companies and mixed-economy companies), which are subject to the regulations contained in the State-Owned Companies Law, Law No. 13,303, of June 30, 2016.

The Public Procurement Law classifies the contracting procedure into modalities, based on the object of the contract. The modalities of procurement are competitive bidding, reverse auction, contest, auction, and competitive dialogue.

Competitive bidding is the procurement modality used for the contracting of special goods and services, as well as common and special engineering works and services. The award criteria may include lowest price, best technical proposal or artistic content, a combination of technical merit and price, highest economic return, or highest discount.

The reverse auction is the mandatory procurement modality for acquiring common goods and services, where the judging criteria may be the lowest price or the highest discount.

Contest is the procurement modality for selecting technical,

[66] Article 70, sole paragraph, of Law 14.133/2021.

scientific, or artistic work, where the judging criteria will be the best technique or artistic content, and for awarding a prize or remuneration to the winner.

Auction is the bidding method for the sale of real estate or unusable or legally seized movable property to whoever offers the highest bid.

Competitive dialogue is the bidding method for contracting works, services, and purchases in which the Public Administration engages in dialogues with bidders previously selected based on objective criteria, with the aim of developing one or more alternatives capable of meeting its needs, with bidders required to submit a final proposal after the dialogues are concluded.

In addition to the bidding methods, the law also provides for Accreditation and Price Registration, which are administrative processes that streamline public procurement.

Accreditation is a public call for proposals in which the Public Administration invites interested parties to provide services or supply goods to become accredited with the agency or entity to execute the project when called upon. Accreditation has a limited scope:

(i) to cases where it is feasible and advantageous for the Administration to carry out simultaneous contracting under standardized conditions (this is the case when contracting is done without bidding, for example, with official auctioneers, vehicle maintenance services, rural producers for the supply of fruits and vegetables, and the provision of payroll payment services by banking institutions);

(ii) to cases where the selection of the contractor is the responsibility of the direct beneficiary of the service (this is the case, for example, with medical services and laboratory tests and banking services, with the beneficiary choosing the provider that best suits them);

(iii) to cases where the constant fluctuation in the value of the service and the contracting conditions makes it impossible to select an agent through a bidding process (this is the case, for example, with the purchase of airline tickets, where there is a large variation in prices charged according to market dynamics and it is advantageous for the Administration to choose among the various accredited airlines).

The Price Registration System (SRP) is a set of procedures for carrying out, through direct contracting or bidding in the modalities of auction or competition, the formal registration of prices related to the provision of services, works, and the acquisition and rental of goods for future contracts. The judgment criterion will be the lowest price or the highest discount. The main difference between the SRP and conventional contracting is that, in the conventional system, for each

need of the Administration, a bidding procedure is carried out to select a supplier and a proposal for a specific contract. In contrast, in price registration, the bidding is directed at selecting a supplier and a proposal for non-specific contracts, which may be carried out as many times as necessary during the validity period of the price registration record.

4.5.2. Direct Contracting

Not all cases will require bidding for public procurement. Direct contracting is authorized in cases of ineligibility or exemption from bidding.

Bidding will be ineligible when competition is unfeasible, especially in the five cases provided for in Article 74 of the Bidding Law. Exemption from bidding occurs when, despite the existence of competition, holding a bidding process is not mandatory due to a specific situation.

For more details on cases of ineligibility and exemption from bidding, please consult Annex II of this Guide.

4.5.3. International Bidding

Article 6, item XXXVI, of Law No. 14,133/2021 provides for international bidding. It is a bidding process that, despite being conducted in Brazil, takes on an international character when one of the following factors occurs: (i) participation of foreign bidders, with the possibility of quoting prices in foreign currency; (ii) bidding in which the contractual object can or must be executed in whole or in part in foreign territory.

It is important to highlight that the general principle applicable to the bidding process is equality between the national and foreign bidder. In this sense, it is determined that: (i) when the foreign bidder is allowed to quote prices in foreign currency, the Brazilian bidder may also do so; (ii) the payment guarantees to the Brazilian bidder will be equivalent to those offered to the foreign bidder; (iii) the proposals of all bidders will be subject to the same rules and conditions; (iv) the tender notice may not provide for eligibility, classification and judgment conditions that constitute barriers to access for foreign bidders, although a margin of preference may be provided for goods produced in the country and national services that meet Brazilian technical standards.

The margin of preference is an instrument used by the Brazilian State to promote sustainable national development, authorizing the Public Administration, within a certain limit, to enter into a contract with the national bidder to the detriment of the foreign bidder even if the latter's proposal is more advantageous. According to art. Article 26 of Law No. 14,133 of 2021, regulated by Decree No. 11,890 of January 22, 2024, states that domestically manufactured products and services that comply with the relevant technical regulations and Brazilian technical standards may be subject to a preference margin of up to ten percent over the price of foreign manufactured products or

services, with an additional ten percent allowed for domestic products or services resulting from technological development and innovation in the country.

4.5.4. Public Administration Contracts

The law governing contracting with the Public Administration (Union, States, Federal District and Municipalities) is also Law No. 14,133, of April 1, 2021. Article 89, caput, of the norm determines that contracts will be governed by their clauses and by the precepts of public law, and the principles of the general theory of contracts and the provisions of private law will be applied to them supplementarily.

Every contract with the Administration must contain the names of the parties and their representatives, the purpose, the act that authorized its execution, the number of the bidding process or direct contracting. In this sense, contracts must clearly and precisely establish the conditions for their execution, expressed in clauses that define the rights, obligations and responsibilities of the parties, in accordance with the terms of the bidding notice and those of the winning proposal or with the terms of the act that authorized the direct contracting and those of the respective proposal.

Article 92, in turn, lists typical clauses that must be included in all contracts with the Public Administration: (i) the object; (ii) the link to the bidding notice and the winning bidder's proposal or to the act that authorized the direct contracting and the respective proposal; (iii) the legislation applicable to the execution of the contract, including cases not covered; (iv) the execution regime or the form of supply; (v) the price and payment conditions, the criteria, the base date and the periodicity of price readjustment and the criteria for monetary updating between the date of fulfillment of obligations and the date of actual payment; (vi) criteria and periodicity of measurement, when applicable, and the deadline for settlement and payment; (vii) the deadlines for the start of the execution, completion, delivery, observation and final acceptance stages, when applicable; (viii) - the credit against which the expense will be charged, with an indication of the functional programmatic classification and the economic category; (ix) the risk matrix, when applicable; (x) the deadline for responding to the request for price renegotiation, when applicable; (xi)

- the deadline for responding to the request for reestablishment of the economic-financial balance, when applicable; (xii) the guarantees offered to ensure its full execution, when required, including those offered by the contractor in the case of advance payments; (xiii) the minimum warranty period for the object, observing the minimum periods established in the Law and applicable technical standards, as well as the conditions for maintenance and technical assistance, when applicable; (xiv) the rights and responsibilities of the parties, the applicable penalties and the amounts of the fines and their calculation bases; (xv) the import conditions and the date and exchange rate for conversion, when applicable; (xvi) the contractor's obligation to maintain, throughout the execution of the contract,

all the conditions required for qualification in the bidding process, or for qualification in direct contracting; (xvii) - the obligation of the contractor to comply with the job reservation requirements provided for by law, as well as in other specific regulations, for persons with disabilities, for those rehabilitated by Social Security and for apprentices; (xviii) - the contract management model, observing the requirements defined in regulations; XIX - the cases of termination.

4.5.5. Contract Amendments by the Public Administration

The unilateral alteration of the contract by the Public Administration may occur in the following cases:

> (i) modification of the project or specifications, for better technical adaptation to its objectives;
>
> (ii) when necessary, the modification of the contractual value due to a quantitative increase or decrease in its object.

These modifications will only be possible provided that they do not alter the object of the contract, and the contractor will only be obliged to accept, under the same contractual conditions, increases or decreases of up to 25% (twenty-five percent) of the initial updated value of the contract that are made in the works, services or purchases, and, in the case of building or equipment renovation, the limit for increases will be 50% (fifty percent).

If the unilateral alteration of the contract increases or decreases the contractor's burdens, the Administration must restore, in the same addendum, the initial economic-financial balance.

Furthermore, in contractual amendments for the elimination of works, goods, or services, if the contractor has already acquired the materials and placed them at the work site, these must be paid for by the Administration at the duly proven and monetarily adjusted acquisition costs, and compensation may be due for any other damages that may arise from the elimination, provided they are duly proven..

4.5.6. Economic and Financial Equilibrium of the Contract

One of the primary concerns of the Brazilian regulatory framework is to guarantee effective legal security for public contracts. Thus, it is important to list three mechanisms that implement the contractor's right to economic and financial rebalancing during the course of contract execution:

> 1. Readjustment in the strict sense: maintenance of the economic and financial balance of the contract consisting of the application of the foreseen monetary correction index that must reflect the effective variation in the cost of production, allowing the adoption of specific or sectoral indices;
>
> 2. Repactuation: a form of maintaining the economic and financial balance of the contract used for continuous services with a regime of exclusive dedication of labor or predominance of labor,

through the analysis of the variation in contractual costs, which must be foreseen in the tender notice with a date linked to the submission of proposals, for costs arising from the market, and with a date linked to the agreement, collective bargaining agreement or collective labor dispute to which the budget is linked, for costs arising from labor.

3. Revision: a form of maintaining economic and financial rebalancing resulting from events subsequent to the contract, considering force majeure, acts of God, or unforeseen or foreseeable circumstances, but with incalculable consequences, that make the execution of the object as contracted unfeasible. This category also includes any delay in the completion of expropriation, eviction, administrative easement, or environmental licensing procedures, due to circumstances beyond the contractor's control.

In general, the revision will occur according to what was established in the contract's risk matrix.

Law No. 14,133 of 2021 stipulates that, when contracting for large-scale works and services [67] or if adopted integrated [68] and semi-integrated [69], contracting schemes, the tender notice must include a risk allocation matrix between the contracting party and the contractor.

The risk matrix is a contractual clause that defines risks and responsibilities between the parties and characterizes the initial economic and financial balance of the contract, in terms of the financial burden arising from events subsequent to the contracting, containing, at a minimum, the following information:

a) a list of possible events subsequent to the signing of the contract that may impact its economic and financial balance and a forecast of the eventual need for an addendum to the contract upon its occurrence;

b) in the case of result obligations, establishment of the fractions of the object with respect to which the contractors will have the freedom to innovate in methodological or technological solutions, in terms of modifying the solutions previously outlined in the preliminary design or basic design;

c) in the case of obligations of means, precise establishment of the fractions of the object with respect to which the contractors will not have the freedom to innovate in methodological or technological solutions, and there must be an obligation of adherence between the execution and the solution predefined in the preliminary design or basic design, considering the characteristics of the execution regime in the case of works and engineering services;

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[67] The value of large-scale works and services is updated annually by the federal Executive Branch. Today, this value is R$ 250,902,323.87 (two hundred and fifty million, nine hundred and two thousand, three hundred and twenty-three reais and eighty-seven cents), according to Decree No. 12,343, of December 30, 2024.

[68] Contracting regime for engineering works and services in which the contractor is responsible for preparing and developing the basic and executive designs, executing engineering works and services, supplying goods or providing special services, and carrying out assembly, testing, pre-operation, and other operations necessary and sufficient for the final delivery of the object.

[69] Contracting regime for engineering works and services in which the contractor is responsible for preparing and developing the detailed design, executing engineering works and services, supplying goods or providing special services, and carrying out assembly, testing, pre-operation, and other operations necessary and sufficient for the final delivery of the object.

Article 22, § 2, of Law 14,133 of 2021, determines that the contract must reflect the allocation made by the risk matrix, providing for: (i) the hypotheses for restoring the economic-financial balance of the contract in cases where the loss is considered in the risk matrix as a cause of imbalance not borne by the party seeking restoration; (ii) the possibility of terminating the contract when the loss excessively increases or prevents the continuation of the contractual execution; (iii) the contracting of mandatory insurance previously defined in the contract, with the cost of contracting integrated into the offered price.

In accordance with Article 103, § 2, the economic-financial balance will be maintained whenever the conditions of the contract and the risk matrix are met. Thus, should any event foreseen in the risk matrix materialize, the parties may not request the reestablishment of the balance to bear the financial burden arising from the risks assumed in the contract, except in the following cases:

(i) unilateral changes determined by the Administration (see item xx);

(ii) increase or reduction, by subsequent legislation, of taxes directly paid by the contractor as a result of the contract.

The request for reestablishment of the economic-financial balance must be made during the term of the contract and before any extension. The termination of the contract will not constitute an obstacle to the recognition of the economic-financial imbalance, in which case compensation will be granted through an indemnification agreement.



PART III

PREVENTION AND DISPUTE RESOLUTION

5. Prevention and Resolution of International Disputes

5.1. Prevention of Investment Disputes: The Importance of Institutional Governance Instruments (Interaction between Investor and State)

As mentioned above, the CFIA adopts a strong preventive approach with regard to investment disputes. To this end, it establishes institutional governance mechanisms designed to articulate the relationship between the State and the investor and to create permanent channels for dialogue and cooperation.

In this context, the Joint Committee stands out, composed of government representatives from both parties to the Agreement. This body is responsible for: (i) promoting the amicable and consensual resolution of conflicts involving investments; (ii) adopting joint interpretations binding on arbitration tribunals; (iii) monitoring the implementation of the CFIA; (iv) sharing information and investment opportunities; and (v) coordinating common thematic agendas. Thus, in addition to playing a preventive role in resolving any disputes, the Joint Committee also acts in the management of the CFIAs and in promoting bilateral cooperation, including through the development of an Agenda for Cooperation and Investment Facilitation, focused on strategic issues for economic development and attracting capital.

Also, with a view to preventing controversies, the Brazilian model also provides for a mechanism for direct interaction with the private sector: a Focal

Point or Investment Ombudsman. This mechanism functions as a channel of communication between investors and the government of the recipient country, with the objective of clarifying and improving the business environment by facilitating access to the State for resolving doubts or controversies. In Brazil, this function is performed by the Foreign Trade Chamber (CAMEX)[70], a Brazilian government agency, currently part of the Ministry of Development, Industry, Trade and Services (MDIC).

5.2. Resolution of Investment Disputes: State-to-State Arbitration (SSDS)

The contentious dispute settlement mechanism is activated, under the CFIA model, only when previous dispute prevention mechanisms have been exhausted. In this case, the possibility of initiating international arbitration to resolve disputes between signatory States is opened.

The CFIA arbitration mechanism is exclusively interstate (State-to-State Dispute Settlement or SSDS), with the objective of: (a) interpreting the Agreement, by determining its correct legal meaning; and/or (b) applying the Agreement, by declaring the conformity (or non-conformity) of concrete measures adopted by one of the Parties.

The arbitration will be conducted by an ad hoc Arbitral Tribunal - unless the Parties choose, by mutual agreement, to submit the dispute to the Permanent Court of Arbitration or another arbitral institution of their choice. The procedure follows the rules of the Agreement itself, its Transparency Annex and, subsidiarily, the UNCITRAL Arbitration Rules in force at the time of signature. The Tribunal is composed of three arbitrators, who must have expertise in Public International Law and International Investment Law, act independently and impartially, and observe the UN Code of Conduct for Arbitrators in Investment Disputes[71]. The arbitral decision is final and binding on the Parties.

6. Prevention and Resolution of Domestic Disputes

6.1. Dispute Resolution: The Judiciary System and Access to Justice in Brazil

The Constitution guarantees to all, Brazilians and resident foreigners

[70] See: https://www.gov.br/mdic/pt-br/assuntos/camex#:~:text=C%C3%A2mara%20de%20Com%C3%A9rcio%20Exterior%20(Camex)%20%E2%80%94%20Minist%C3%A9rio%20do%20Desenvolvimento%2C%20Ind%C3%BAstria%2C%20Com%C3%A9rcio%20e%20Servi%C3%A7os.

[71] Code of Conduct for Arbitrators in International Investment Dispute Resolution (2023). Available at: https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/2318944_coc_arbitrators_e-book_eng.pdf.

in Brazil[72], access to justice (article 5, XXV) - understood as the right to provoke the action of the State for the purpose of preventing and resolving disputes, whether through judicial or extrajudicial means. This access implies, on the one hand, the absence of discriminatory obstacles and, on the other hand, the guarantee of a fair process, in which the adversarial principle and the right to a full defense are respected (article 5, LV).

The Brazilian procedural system therefore allows any person, national or foreign, to access the jurisdictional spheres for the protection of assets, rights and interests to which they belong.

Thus, if the investor wishes, they may directly resort to the Brazilian Judiciary to satisfy their rights. In this case, they may exercise, at all levels, the adversarial principle and the right to a full defense, as ensured by the Federal Constitution and infra-constitutional laws, under a broad and functionally distributed jurisdictional structure that guarantees full access to justice throughout the national territory.

In this sense, the Brazilian judicial system is organized into two major branches:

- Common Justice (State and Federal), with jurisdiction to judge civil, criminal, and administrative cases in general; and
- Specialized Justices, which include Labor Justice, Electoral Justice, and Military Justice, each with its own powers defined in the Constitution.

Lawsuits generally begin before first-instance judges and are subject to appeal to second-instance courts (Courts of Justice and Regional Federal, Electoral, or Labor Courts). The superior courts (STJ, TST, TSE, and STM) perform functions of standardizing the interpretation of federal legislation and judging specific matters.

At the apex of the system is the Supreme Federal Court (STF), which is responsible for safeguarding the Constitution (Article 102, CF). Among other functions, it is responsible for the control of the constitutionality of laws and normative acts, the assessment of actions of a constitutional nature, and the trial of authorities in cases of jurisdiction by prerogative of function.

It is important to note the criteria for jurisdictional competence, for the purpose of identifying which of these jurisdictional bodies will be competent in each case:

(a) Subject matter – the nature of the legal relationship determines the jurisdiction of the Specialized Courts;
(b) Amount in dispute – depending on the value, the case may be brought before the Ordinary Court or the Special Court [73];
(c) Territory or geographical area - the geographical area of the defendant's domicile generally determines where the proceedings take place [74];

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[72] Article 5; All are equal before the law, without distinction of any kind, guaranteeing to Brazilians and foreigners residing in the country the inviolability of the right to life, liberty, equality, security and property, under the following terms: (...).

[73] See Article 3 of Law 9.099/95 for Special Courts; and Articles 291 et seq. of the Code of Civil Procedure.

[74] As a general rule, the proceedings take place in the court of the defendant's domicile (article 46 of the CPC), but there are exceptions such as the court of the location of the property (article 47 of the CPC) or the court of contractual choice (art. 63 do CPC).

(d) Hierarchy – defined by the position of the body within the structure of the Judiciary [75]; and
(e) Jurisdictional function – related to the function performed by the body in a given phase or type of process – such as original, appellate and executive functions.

It is also important to highlight that access to justice in Brazil is not limited to the traditional judicial process. The Constitution and sub-constitutional legislation encourage the use of alternative dispute resolution methods, such as arbitration (Law No. 9,307/1996), mediation and conciliation (Law No. 13,140/2015 and the CPC/2015), reinforcing the idea of a multi-door justice system[76], which aims to offer swift, effective solutions that are appropriate to the nature of the dispute.

6.2. Prevention of Disputes and Alternative Dispute Resolution Mechanisms in Public Administration

The Brazilian State has prioritized the resolution of disputes through consensual means. The New Code of Civil Procedure expressly provides for the importance of mediation and conciliation as methods of consensual conflict resolution, the use of which should be encouraged by judges, members of the Public Prosecutor's Office, lawyers, public defenders, and public attorneys, including during the course of judicial proceedings. According to its organic law, the Attorney General's Office is granted the power to withdraw, compromise, settle, and enter into agreements in actions of interest to the Union.

At the federal level, the Office of the Attorney General of the Union (AGU), through the Federal Conciliation and Arbitration Chamber (CCAF), is responsible for resolving disputes arising within the Federal Public Administration, on a preventive basis or after the matter has been brought before the courts.

According to Normative Ordinance AGU No. 178, of June 2, 2025, private companies may submit disputes to the CCAF in cases of conflicts involving the discussion of debts or credits with a value exceeding R$ 50,000,000.00 (fifty million reais) or in cases of conflicts relating to collective, diffuse or homogeneous individual rights.

To do so, they must prepare a request for the initiation of a mediation procedure under the terms of Article 23 of the Normative Ordinance, in writing, by physical or electronic means, addressed to the email address ccaf@agu.gov.br or filed at any of the units of the Attorney General's Office. The procedure consists of three stages (Admissibility, Negotiation and Conformity) so that, if successful, the draft is prepared for signature by the competent authorities.

It is also important to note that the Attorney General's Office has created another

[75] Territorial jurisdiction manifests itself in the distinction between first-instance courts and tribunals (courts of justice, Regional Federal Courts, Superior Court of Justice, and Supreme Federal Court). Furthermore, it derives from rules of original jurisdiction – such as Article 102, I, of the Federal Constitution, which grants original jurisdiction to the Supreme Federal Court to judge certain authorities.

[76] The concept of a "multi-door courthouse system" is a theoretical and practical construct that seeks to transform access to justice into something more plural and efficient, offering citizens different "doors" or appropriate means of conflict resolution, instead of concentrating all demands exclusively in the traditional judicial process.

tool for its ecosystem to guarantee the prevention of controversies and legal certainty: the Chamber for the Promotion of Legal Certainty in the Business Environment (Sejan).

This Chamber, Sejan, operates through two thematic committees, one to discuss tax matters and the other to debate regulatory aspects.

Its work is carried out by diagnosing situations of legal uncertainty that negatively affect the business environment, through active listening to representatives of productive sectors, workers, and civil society organizations.

Once the problems have been mapped through institutionalized dialogue, Sejan articulates legal solutions with bodies and entities of the federal public administration, and with representatives of state and municipal public legal services, fostering consensus and preventing controversies.

With the participation of public and private actors, Sejan works to guarantee legal security and improve the institutional framework in the Brazilian business environment.

Additional information about Sejan's activities can be found on the website https://www.gov.br/agu/pt-br/assuntos-1/sejan or by requesting it from the institutional email camara. sejan@agu.gov.br.

Arbitration with the Public Administration

In terms of alternative, or appropriate, dispute resolution instruments, special attention should also be paid to Arbitration involving the Public Administration.

This is because, since 2015, Brazilian legislation has expressly admitted the arbitral route for resolving disputes involving the Public Administration, whether Direct or Indirect, for the resolution of disputes relating to available patrimonial rights (art. 1°, §1°, Law 9.307/96[77]). This category includes, for example, conflicts related to the breach of contractual obligations or the restoration of the economic and financial balance of administrative contracts. The enactment of the law met the expectations of the private sector and foreign investors, consolidating arbitration as a method capable of ensuring greater speed, technicality, and predictability in dispute resolution. Several legal instruments reinforce the authorization for the use of arbitration in contracts of the Public Administration. Among them, the following stand out:

- Law No. 9,472/1997, art. 93 – public telecommunications concessions;
- Law No. 9,478/1997, art. 43, X, and Law No. 12,351/2010, art. 29, XVIII – oil exploration contracts;
- Law No. 10,233/2001, art. 35, XVI – waterborne and land transport;
- Law No. 12,815/2013, art. 62, §1 – port concession contracts, regulated by Decree No. 8,465/2015;

[77] Law No. 9,307, of September 23, 1996, Article 1, § 1 The direct and indirect public administration may use arbitration to resolve disputes relating to available patrimonial rights. (Included by Law No. 13,129, of 2015) https://www.planalto.gov.br/ccivil_03/leis/l9307.htm.

- Law No. 11,079/2004, art. 11 – Public-Private Partnerships (PPPs);

- Law No. 13,448/2017, art. 15, III – extension of investment partnership contracts, allowing for contractual arbitration.

In such cases, the Attorney General's Office (AGU) represents the public entity, noting that arbitration must, as a rule, be conducted in accordance with Brazilian law, be based in Brazil, and respect the maximum period of two years for the issuance of the arbitral award, prioritizing procedural speed.

With regard to foreign arbitral awards, these are subject to a homologation process before the Superior Court of Justice (STJ), under the terms of the 1958 New York Convention [78], of which Brazil is a signatory.

6.3. Legislative Reforms in Favor of Legal Certainty in Dispute Resolution in Brazil

Responding to society's desire for greater efficiency and speed and aiming to build a dialectical procedural relationship based on closer ties between the parties and the adjudicating bodies, the Brazilian civil procedural system has undergone significant changes. Starting with Constitutional Amendment No. 45/2004, known as the "Judicial Reform," a culture of valuing judicial precedents was consolidated through the standardization of jurisprudential understandings. In this context, mechanisms such as binding precedents, the judgment of repetitive appeals, and the judgment of general repercussion as a requirement for the admissibility of extraordinary appeals were instituted, reinforcing the role of the superior courts as bodies for stabilizing constitutional and statutory interpretation. In March 2016, the current Brazilian Code of Civil Procedure, Law No. 13.105/2015[79], it came into effect introducing a more dynamic procedural model, guided by the principles of procedural cooperation, efficiency, and legal certainty. The new procedural ritual sought to balance the effectiveness of judicial protection with the predictability of decisions, strengthening the coherence and integrity of the justice system. In this sense, the innovations of the current CPC stand out, including the provision for the Incident of Resolution of Repetitive Demands (IRDR) for the standardization of mass litigation; the expansion of the hypotheses of provisional relief, whether urgent (precautionary or anticipatory) or based on evidence; and the restriction and rationalization of the appeals system, with an emphasis on binding precedents, reducing the risks of reversal of correctly reasoned decisions and, thus, promoting greater jurisprudential stability and legal certainty.

[78] New York Convention, enacted internally by Decree 6,949 of August 25, 2009. Available at: https://www.planalto.gov.br/ccivil_03/_ato2007-2010/2009/decreto/d6949.htm.

[79] Code of Civil Procedure. Law No. 13.105, of March 16, 2015. Official Gazette of the Union: section 1, Brasília, DF, March 17, 2015. Available at: https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2015/lei/l13105.htm.

ANNEX I – INSTITUTIONAL SUPPORT CHANNELS FOR FOREIGN INVESTORS IN BRAZIL

- Attorney General's Office (AGU) – https://www.gov.br/agu
- Brazilian Trade and Investment Promotion Agency (ApexBrasil) – https://apexbrasil.com.br
- National Civil Aviation Agency (ANAC) – https://www.gov.br/anac
- National Electric Energy Agency (ANEEL) – https://www.gov.br/aneel
- National Agency of Petroleum, Natural Gas and Biofuels (ANP) – https://www.gov.br/anp
- National Agency for Supplementary Health (ANS) – https://www.gov.br/ans
- National Agency for Waterway Transportation (ANTAQ) – https://www.gov.br/antaq
- National Agency for Land Transportation (ANTT) – https://www.gov.br/ antt
- National Health Surveillance Agency (ANVISA) – https://www.gov.br/ anvisa
- National Film Agency (ANCINE) – https://www.gov.br/ancine
- Central Bank of Brazil (BCB) – https://www.bcb.gov.br
- Ministry of Agriculture and Livestock (MAPA) – https://www.gov.br/agricultura
- Ministry of Foreign Affairs (MRE – Itamaraty) – https://www.gov. br/mre
- Ministry of Development, Industry, Trade and Services (MDIC) – https://www.gov.br/mdic
- Ombudsman for Direct Investments (OID/MDIC) – https://oid.mdic.gov.br/en
- Investment Partnership Program (PPI) – https://www.ppi.gov.br
- Brazilian Service for Support to Micro and Small Enterprises (SEBRAE) – https://www.sebrae.com.br

ANEXO II – CASES OF DIRECT CONTRACTING WITH THE PUBLIC ADMINISTRATION

1) Inapplicability of competitive bidding (absence of competition)

The first case mentioned is the inapplicability of bidding for the acquisition of materials, equipment, or goods, or the contracting of services that can only be provided by an exclusive producer, company, or commercial representative. In this sense, the Administration must demonstrate the impossibility of competition through a certificate of exclusivity, an exclusivity contract, a declaration from the manufacturer, or another suitable document capable of proving that the object is supplied or provided by an exclusive producer, company, or commercial representative, prohibiting preference for a specific brand.

The second hypothesis is the contracting of a professional in the artistic sector, directly or through an exclusive agent, provided that they are recognized by specialized critics or public opinion; An exclusive agent is considered to be a natural or legal person who has a contract, declaration, letter, or other document that attests to the permanent and continuous exclusivity of representation, in the country or in a specific state, of the professional in the artistic sector, excluding the possibility of contracting through an agent with representation restricted to a specific event or location.

The third hypothesis concerns the contracting of the following specialized technical services of a predominantly intellectual nature with professionals or companies of recognized expertise (excluding the waiver of bidding requirements for advertising and publicity services): in the following cases: a) technical studies, planning, basic projects or executive projects; b) opinions, expert reports and assessments in general; c) technical advice or consulting and financial or tax audits; d) inspection, supervision or management of works or services; e) sponsorship or defense of judicial or administrative cases; f) training and professional development of personnel; g) restoration of works of art and assets of historical value; h) quality and technological controls, analyses, field and laboratory tests and trials, instrumentation and monitoring of specific parameters of works and the environment and other engineering services that fall within the provisions of this item.

The fourth hypothesis concerns objects that should or may be contracted through accreditation. Accreditation is an administrative process of public procurement in which the Public Administration invites interested parties to provide services or supply goods so that, having fulfilled the necessary requirements, they can be accredited by the agency or entity to execute the contract when called upon. This auxiliary procedure is adopted when it is found, during the procurement planning phase, that the most advantageous approach for the administration is to allow a range of suppliers to qualify to provide the desired goods or services, due to the infeasibility or ineffectiveness of selecting a single supplier through a public procurement process, in order to adequately meet the public interest.

Therefore, the accreditation process is adopted when it is not feasible or appropriate to hold a public Procurement process to select the supplier. However, it is important to emphasize that accreditation does not oblige the public administration to make the contract, but if it does, it must contract all accredited suppliers.

The fifth hypothesis concerns the acquisition or lease of real estate whose installation and location characteristics make its selection necessary.

2) Waiver of competitive public Procurement (existence of competition)

(i) contracts involving amounts less than R$ 100,000.00 (one hundred thousand reais), in the case of works and engineering services or maintenance services for motor vehicles;

(ii) contracts involving amounts less than R$ 50,000.00 (fifty thousand reais), in the case of other services and purchases;

(iii) contracts that maintain all the conditions defined in a bidding notice held less than 1 (one) year ago, when it is verified that, in that bidding process, no interested bidders emerged or no valid proposals were submitted or the proposals submitted contained prices manifestly higher than those practiced in the market or incompatible with those set by the competent official bodies;

(iv) contracting for goods, components or parts of national or foreign origin necessary for the maintenance of equipment, to be acquired from the original supplier of this equipment during the technical warranty period, when this condition of exclusivity is indispensable for the validity of the warranty;

(v) contracting for goods, services, sales or works, under the terms of a specific international agreement approved by the National Congress, when the conditions offered are manifestly advantageous to the Administration;

(vi) contracting for research and development products, limited to contracting, in the case of works and engineering services, to the value of R$ 300,000.00 (three hundred thousand reais);

(vii) technology transfer or licensing of the right to use or exploit a protected creation, in contracts carried out by a public scientific, technological and innovation institution (ICT) or by a funding agency, provided that an advantage for the Administration is demonstrated;

(viii) purchase of fruits, vegetables, bread and other perishable goods, during the period necessary for carrying out the corresponding bidding processes, in which case the contracting will be carried out directly based on the price of the day;

(ix) contracting for goods or services produced or provided in the Country that cumulatively involve high technological complexity and national defense;

procurement of materials for use by the Armed Forces, with the exception of materials for personal and administrative use, when there is a need to maintain the standardization required by the logistical support structure of

naval, air and land assets, subject to authorization by an act of the commander of the military force;

(xi) acquisition of goods and services to meet the needs of Brazilian military contingents employed in peacekeeping operations abroad, in which case the contracting must be justified in terms of price and choice of supplier or contractor and ratified by the commander of the military force;

(xii) provisioning or supplying military personnel on short-term stays in ports, airports or locations other than their headquarters, for operational or training purposes;

(xiii) collection, processing and marketing of recyclable or reusable urban solid waste, in areas with a selective waste collection system, carried out by associations or cooperatives formed exclusively of low-income individuals recognized by the public authorities as recyclable material collectors, using equipment compatible with technical, environmental and public health standards;

(xiv) acquisition or restoration of works of art and historical objects, of certified authenticity, provided that they are inherent to or compatible with the purposes of the agency;

(xv) contracting, in the course of a criminal investigation, of specialized services or acquisition or rental of equipment intended for tracking, environmental capture of electromagnetic, optical or acoustic signals, interception of telephone and telematic communications, when there is a justified need to maintain secrecy about the investigation;

(xvi) acquisition of medicines intended exclusively for the treatment of rare diseases defined by the Ministry of Health;

(xvii) contracts aimed at research activities and recognized technological capacity in the sector, aimed at carrying out research, development and innovation activities that involve technological risk, for the solution of a specific technical problem or obtaining an innovative product, service or process under the terms of Law No. 10,973, of December 2, 2004;

(xviii) contracting that may compromise national security, in the cases established by the Minister of State for Defense, upon request from the commands of the Armed Forces or other ministries;

(xix) contracting in cases of war, state of defense, state of siege, federal intervention or serious disruption of public order;

(xx) contracting in cases of emergency or public calamity, when there is an urgent need to address a situation that may cause harm or compromise the continuity of public services or the safety of people, works, services, equipment and other public or private assets, and only for the acquisition of goods necessary to address the emergency or calamitous situation and for the portions of works and services that can be completed within a maximum period of 1 (one) year;

(xxi) for the execution of a program contract with a federative entity or

with an entity of its indirect Public Administration that involves the provision of public services in an associated manner under the terms authorized in a public consortium contract or in a cooperation agreement;

(xxii) for contracting involving the transfer of technology for strategic products for the Unified Health System (SUS), as listed in an act of the national management of the SUS, including during the acquisition of these products during the technological absorption stages, and in amounts compatible with those defined in the instrument signed for the technology transfer;

(xxiii) for the acquisition of strategic health inputs produced by a foundation that, by regulation or statute, aims to support a body of the direct Public Administration, its autonomous agency or foundation in teaching, research, extension, institutional, scientific and technological development projects and the promotion of innovation, including the administrative and financial management necessary for the execution of these projects.

(xxiv) for contracting private non-profit entities for the implementation of cisterns or other social technologies for access to water for human consumption and food production, in order to benefit low-income rural families affected by drought or the regular lack of water; and

(xxv) for contracting private non-profit entities for the implementation of the Solidarity Kitchen Program, which aims to provide free food, preferably to the population in situations of vulnerability and social risk, including the homeless population, with a view to promoting food and nutritional security and social assistance policies and the realization of social rights, human dignity, social rescue and improvement of quality of life.

