

Mr Bolsonaro goes to Washington

Economic snapshot  
Banking & finance  
Business news  
Infrastructure issues  
Mining & metals

Oil & gas in brief  
Petrobras news  
Renewable energy  
Environmental news  
Science & technology

Politics in brief  
Defense issues  
Legal issues  
Social issues

Diplomatic briefs  
International trade

Firm news  
Client alerts  
Publications

VEIRANO ADVOGADOS' REVIEW OF ECONOMIC, LEGAL, AND POLITICAL DEVELOPMENTS

MARCH/APRIL

# VistaBrazil

2019



PHOTOGRAPH GARY BLAKLEY

## Mr Bolsonaro goes to Washington: What did he get there?

After a weak first foreign outing – to Davos for the World Economic Forum in January – Brazilian president Jair Bolsonaro made a working visit to the United States from 18 to 20 March.

Besides a photo op of the smiling Brazilian and US presidents exchanging football shirts, what did the visit accomplish?

Donald Trump announced that Brazil would be given major non-NATO ally (MNNA) status, which comes with preferential access to the purchase of US military equipment and technology and higher priority for cooperative military training. But Trump went further,

musing that he would designate Brazil either as MNNA or “even, possibly, if you start thinking about it, maybe a NATO ally.”

Closer military cooperation is an aspect of the US desire for support over its policy of seeing off disputed Venezuelan president Nicolás Maduro, which has not yet yielded results. With Russian materiel and a small contingent of troops now on the ground in Venezuela, the United States needs Brazil to show Latin American resolve at ousting Maduro.

At their joint press conference, Trump and Bolsonaro reiterated support for Juan Guaidó as interim ...



VistaBrazil is published bi-monthly  
Produced by Blakeley Words+Pictures  
Writer/editor: Camilla Blakeley

© 2019 · Veirano Advogados and Blakeley Words+Pictures  
All text rights reserved

VistaBrazil is sponsored by Veirano Advogados  
Founding Partner: Ronaldo C. Veirano  
Managing Partner: Ricardo C. Veirano

Rio de Janeiro  
Av. Presidente Wilson  
231 / 25º andar  
20030-021 - Rio de Janeiro RJ - Brasil  
(55 21) 3824 4747 Phone  
(55 21) 2262 4247 Fax  
contact@veirano.com.br  
www.veirano.com.br

São Paulo  
Av. Brigadeiro Faria Lima  
3477 / 16º andar  
04538-133 - São Paulo SP - Brasil  
(55 11) 2313-5700 Phone

Porto Alegre  
Av. Dr. Nilo Peçanha  
2900 / 15º andar  
91330-001 - Porto Alegre RS - Brasil  
(55 51) 2121 7500 Phone

Brasília  
SCS Qd. 9 Lt. C - Ed. Parque Cidade Corporate - Torre A  
12º andar sl. 1203  
70308-200 - Brasília DF - Brasil  
(55 61) 2106 6600 Phone

#### Disclaimer

This newsletter is intended to provide general information regarding recent events, developments, and trends in Brazil. It is not intended, nor should it be relied on, to provide legal analysis or legal advice on any of the information covered in the newsletter. Veirano Advogados and Blakeley Words+Pictures cannot ensure against or be held responsible for inaccuracies. To the full extent permissible by law Veirano Advogados shall have no liability for any damage or loss (including, without limitation, financial loss, loss of profits, loss of business, or any indirect or consequential loss), however it arises, resulting from the use of any material appearing in this publication or from any action or decision taken as a result of using information presented in the publication.

president of Venezuela (Maduro has since barred him from public office for 15 years, and he is facing the possibility of being stripped of immunity from prosecution) and pledged to work to restore constitutional order to the country.

MNNA privileges are certainly significant for Brazil, but NATO membership comes only at the invitation of the organization itself.

At the same press conference, Trump expressed support for Brazil's effort to gain membership in the Organisation of Economic Co-operation and Development (OECD). Those are certainly welcome words but again, the matter is not in the US president's gift.

As well, in exchange for US support for its bid to join the OECD, the US president asked Brazil to forego its special status as a developing country with the World Trade Organization (WTO).

Perhaps the major achievement of the visit from the perspective of both sides was an agreement permitting the United States to launch satellites and rockets from the Alcântara Launch Center – which is run by the Brazilian Air Force – without sharing its intellectual property. The center's location near the equator means that

launches use 30 percent less fuel, a considerable saving. Some US\$300 billion per year is spent on space launches, and by attracting US companies interested in sending up small satellites at a lower cost from the Alcântara base, Brazil will take a part of the lucrative business.

The deal has taken 20 years to conclude, largely because of Brazilian sovereignty concerns, and it must still be ratified by the Brazilian Congress.

#### Cooperating on security

Also during the visit, the Brazilian Ministry of Justice and Public Security signed institutional cooperation agreements with the US Federal Bureau of Investigation (FBI) and the Department of Homeland Security to share information on the work of criminal and terrorist groups.

The agreement with the FBI includes the exchange of information for identifying fingerprints in criminal investigations, while the deal with Homeland Security facilitates the exchange of information about threats on the national borders of the two countries.

Bolsonaro also met CIA director Gina Haspel at the agency's headquarters to highlight the importance of strengthening intelligence in order to fight organized crime and drug trafficking.



**VEIRANO ADVOGADOS**

Offices in Rio de Janeiro, São Paulo, Porto Alegre, and Brasília...

## What about trade?

The two presidents agreed to enhance the work of the United States–Brazil Commission on Economic and Trade Relations in order to explore new initiatives to facilitate trade investment and good regulatory practices.

Trump and Bolsonaro also announced a new phase of the United States–Brazil CEO Forum, as well as the creation of a US\$100 million Biodiversity Impact Investment Fund to boost sustainable investment in the Amazon. The presidents also agreed to establish a United States–Brazil Energy Forum to facilitate energy-related trade and investment.

Beyond the announcement of good intentions and study groups, what was actually agreed on the economic front?

Brazil unilaterally decided to drop tourist visa requirements for US citizens, no doubt hoping for a boost in tourism revenue. On the US side, the joint statement released following Bolsonaro's visit indicated that the United States would "take the steps necessary to enable Brazil to participate in the Department of Homeland Security's Trusted Traveler Global Entry Program."

On the Brazilian side was a pledge to accept 750,000 tons of tariff-free US wheat exports and permit the resumption of US pork exports to Brazil, suspended since 2017.

Not on the table was any opening of the US market to Brazilian beef. The United States agreed only to "expeditiously schedule a technical visit by the United States Department of Agriculture's Food Safety and Inspection Service to audit Brazil's raw beef inspection system" – once it was satisfied of the quality of Brazilian food safety documentation. There was also no movement

on expanding Brazil sugar exports to the United States.

Nor did the leaders focus any of their discussion on China – Brazil's main investment and trade partner, which Bolsonaro will visit later this year.

Brazilians might be forgiven for thinking that the trade concessions were somewhat lopsided.

## Making nice and talking tough

The tangible achievements of the visit were perhaps outweighed by the hyperbolic praise the two leaders lavished on one another.

Meeting Trump on 19 March, Bolsonaro told his counterpart that his longstanding admiration for the United States had only increased "with the arrival of your excellency in the presidency."

Trump referred to Bolsonaro's "tremendous bravery" at recovering from being stabbed while on the campaign trail, lauded his "vision for freeing the private sector and opening the economy," and pointed to what their two nations shared: "an enduring love of faith and family and country."

He also called Bolsonaro's son, Congressman Eduardo Bolsonaro "fantastic," referring to his role in international relations. Bolsonaro junior, who was along for the trip, was recently named as the South American representative for former White House advisor Steve Bannon's international far-right network, the Movement.

The right-wing credentials of Bolsonaro senior were also on full display during the trip. He was one of the guests at a dinner for "opinion formers" hosted by Bannon. And in an interview on Fox News the day before meeting



Bolsonaro's rhetoric and behavior in Washington sharply divided Brazilians

Trump, Bolsonaro made pronouncements about so-called fake news propagated by Brazil's media, which he asserted is "dominated by the left wing."

Bolsonaro also predictably endorsed the American president's border wall project and declared that "The vast majority of potential immigrants do not have good intentions." Over a million Brazilians live in the United States.

Bolsonaro's rhetoric and behavior sharply divided Brazilians both at home and abroad. Supporters considered the visit a big reputational win. Others thought the Brazilian leader naively made trade concessions without winning much in return, and found his obsequiousness a national embarrassment.

**VEIRANO ADVOGADOS**

Corporate Immigration...

## ECONOMY &amp; BUSINESS

## Economic snapshot

### Sluggish growth, rates stable

The Brazilian economy remains in an anemic condition. In mid-April, the government forecast GDP growth of 2.2 percent in 2019 and 2.7 percent in 2020. The Ministry of Economy now forecasts a primary deficit – the gap between total revenues and expenditures after deducting interest – of R\$124.1 billion (US\$32.1 billion) by 2020, an increase of US\$3.7 billion from just a year ago, and expects government accounts to be in a deficit position until at least 2022.

The Central Bank has lowered its GDP growth estimate from 2.4 to 2.0 percent for 2019, and the debt-to-GDP ratio has reached 77.4 percent – compared to 51.5 percent in 2013.

Citigroup economists have lowered the economic growth outlook for Brazil from 2.2 percent to 1.8 percent.

With that picture, the Central Bank continues to hold the benchmark Selic interest rate steady at 6.5 percent, and analysts don't expect a rate increase this year. Some even suggest there may be a cut if economic activity continues to weekend, but much will depend on the success of the current government in achieving structural reforms to put public finances on a more sustainable footing.

**VEIRANO ADVOGADOS**

Banking & Finance...

### Inflation news

The Brazilian Institute of Geography and Statistics (IBGE) released a report on 10 April showing a 0.75 percent increase in the consumer price index in March, higher than the previous month and also higher than March 2018.

This follows on the heels of the 26 March release of statistics indicating that inflation had accelerated to 0.54 percent over the month, driven largely by food products and transportation, at 1.28 and 0.59 percent respectively. Conversely, household articles and communication saw deflation of -0.23 and -0.19 percent, respectively.

The cumulative consumer price index for the past 12 months was 4.58 percent in March, and 1.51 percent for the first quarter of calendar 2019.

According to the *Focus Bulletin* released by the Central Bank in early April, inflation for 2019 is now expected to be 3.9 percent, rising to 4 percent by 2020 before dropping again to 3.75 percent. All figures remain below the center of the National Monetary Council (CMN) 2019 target of 4.25 percent, plus or minus 1.5 percentage points, but within the tolerance range.

### Industry, services, sales

Industrial production rose in 16 of 26 sectors surveyed by the Brazilian Institute of Geography and Statistics (IBGE) in February, reflecting an overall increase of 0.7 percent. Motor vehicles (+6.7 percent), food products (+3.2 percent), and coke, petroleum products, and bio-fuels (+4.3 percent) were primary drivers of the increase, which, however, came on the heels of a decline in January.

The figures for production in the extraction industries,

tobacco products, and clothing were -14.8, -8.5, and -4.8 percent, respectively.

With respect to services, volume fell 0.3 percent in January compared to the previous month but were up 2.1 percent over January 2018, the largest increase since March 2015. Information and communication services showed the highest growth since the previous January, at 3.4 percent.

Services account for 70 percent of the Brazilian economy, and the services purchasing managers index (PMI) rose in March to its highest level in more than a year, as did the composite PMI.

The retail sales sector also grew, up 0.4 percent in January over the previous month and up 1.9 percent over January 2018. Hyper- and supermarket sales, food products, tobacco and beverages were largely responsible for the increase, but almost all retail activity showed growth.

Sales of vehicles have also accelerated, raising 9.3 percent in March compared to the same period a year ago.

## Banking & finance

### New Development Bank

Bloomberg reports that the New Development Bank plans to issue South African bonds in 2019Q3 to raise US\$310 million for two infrastructure projects. The lender was founded in 2015 and is backed by the BRICS countries – Brazil, Russia, India, China, and South Africa. Debt sales in Brazil and India will also take place later this year.

### Bradesco's AI platform

Bradesco, the second-largest private bank in Brazil, has reached 100 million interactions through its Bradesco ...

## Upcoming events

Title	Date	Place	Sponsor/Host	Contact
VIII World Economy and Brazil	15 May 2019	tba	Brazilian-American Chamber of Commerce	<a href="http://www.brazilcham.com">www.brazilcham.com</a>
25th Annual IBA Global Insolvency and Restructuring Conference	19–21 May 2019	São Paulo	International Bar Association	<a href="http://www.ibanet.org">www.ibanet.org</a>
ACI 9th Brazil Summit on Anti-Corruption	22–23 May 2019	São Paulo	American Conference Institute	<a href="http://www.americanconference.com">www.americanconference.com</a>
8th Annual Latin American Insurance & Reinsurance Forum	23–24 May 2019	Miami	Euromoney	<a href="http://www.euromoneyseminars.com">www.euromoneyseminars.com</a>
Brazil Offshore 2019 Conference and Exposition	25–28 June 2019	Macaé, Rio de Janeiro	Brazilian Petroleum, Gas, and Biofuels Institute (IBP)	<a href="http://www.brasiloffshore.com">www.brasiloffshore.com</a>

Inteligência Artificial (BIA) artificial intelligence platform. The service launched in 2016 but about 75 percent of the interactions processed through the platform have occurred in the last 12 months.

Customers can use the bank's app or WhatsApp and Google Assistant to get answers to text, chat, or voice-based questions about products and services.

### Caixa asset sales

Caixa Econômica Federal is considering entering into strategic partnerships for its credit card, asset management, and insurance units before taking them public, Reuters reports. Caixa is also planning an initial public offering for its unit that manages the state lottery system. The asset sales are part of a divestment plan to raise approximately US\$26 billion.

The bank is also weighing the option to partner with a

payment card transaction processor in a new business. Some partners may pay to distribute their products via Caixa's branch network.

## Business news

### Breaking bottlenecks

A new initiative to identify and address obstacles in the business environment is bringing government and private-sector representatives together in "executive tables." The groups will identify urgent actions and develop a schedule to address them.

The information technology, retail and franchising, and construction sectors have been selected to participate in the initiative, which is being launched under the auspices of the Special Secretariat for Productivity and Competitiveness.

### Gain for GranBio

Brazilian GranBio has completed its purchase of American Process Inc. and affiliate companies. The acquisition gives GranBio access to a significant portfolio of intellectual property in biorefining, biofuels, biochemical, and nanocellulose, as well as technology and physical assets.

### Is there a doctor in the house?

Startup company Dr. Consulta is attracting some major investors and is half way to its target of US\$200 million. The firm offers à la carte medical services in Brazilian neighborhoods whose residents are unlikely to have private health plans, and it started in 2011 in São Paulo's Heliópolis favela.

Dr. Consulta offers services such as a blood test (US\$4), gynecological exam (US\$30), ultrasound (US\$40), or cardiologist appointment (US\$35). An app allows ...

more streamlined appointment booking. The unregulated service has tapped into a need as more people lose their private health plans and are frustrated by the creaking public system.

## Taking over Takeda?

Takeda Pharmaceutical Company has invited Brazilian pharmaceutical companies and financial investors to bid for its business in Latin America, Nasdaq reports. Takeda hopes to raise US\$1 billion in the sale.

Ache Laboratorios Farmaceuticos, EMS Pharma, Biolab Farmaceutica, and Eurofarma Laboratorios have been invited to bid for the regional unit of the Japanese pharmaceutical firm, although the bid format has not yet been defined. The bidders may wish to pursue only the Brazilian portion of the entire regional operations.

## Infrastructure issues

### North-South railway bid

The concession for the North-South railway, which is designed to be the main artery of the Brazilian rail system, was auctioned for R\$2.719 billion (approximately US\$0.69 billion) in the last week of March. Winning bidder Rumo SA will now operate the 1,537 km transport network, from Estrela d'Oeste, in São Paulo state, to Porto Nacional, in Tocantins.

### The attraction of infrastructure bonds

*LatinFinance* suggests that Brazilian infrastructure bonds could spike by as much as 50 percent in 2019Q2. Developers are seeking ways to finance their bids for infrastructure concessions and public-private partnerships (PPPs), and bonds represent one clear way to do so.



Spanish group Aena Desarrollo Internacional won the northeast block of six airports, considered the plum of the auction

### Airport auction results

Mid-March saw a successful auction of 12 airports in three blocks: center-west, southeast, and northeast. The airports attracted a total US\$0.6 billion upfront, with an estimated total investment of US\$0.9 billion over the next three decades.

Spanish group Aena Desarrollo Internacional won the northeast block of six airports, considered the plum of the auction. The region is likely to attract international carriers hoping to develop cheaper international routes to Europe.

State airport management company Infraero was not part of the bidding consortia, and the payments due to the federal government for the concessions will be tied to profitability. Both these factors are innovations in the concession model and may be behind the success of the auction.

The government intends to hold a further two airport auctions, with the goal of all airports being in private-sector hands by 2022.

## Mining & metals

### Reforms in the offing

Mines and Energy Minister Bento Albuquerque is promising reforms to mining legislation that will tackle corruption and improve the effectiveness of the sector.

Speaking in early March at the Prospectors and Developers Association of Canada conference, the minister declared, “Our first priority currently is to articulate and structure policies to improve the environment for foreign investment by providing regulatory stability, legal certainty, and outstanding governance.”

The Jair Bolsonaro administration controversially wishes to allow foreign companies to invest in prospecting for and mining uranium, although Albuquerque notes that the government must improve its capacity to control ...

**VEIRANO ADVOGADOS**

Government & Regulatory...



Mines and Energy Minister Bento Albuquerque is promising reforms to mining legislation that will tackle corruption and improve the effectiveness of the sector

7  
18

and supervise the subsector. Brazil has 5 percent of the world's uranium reserves, and extraction is currently the monopoly of the state-controlled Nuclear Industries of Brazil (INB).

During a trip to Washington in mid-March, Albuquerque even mused to Reuters that the United States and Brazil could work together to build small nuclear reactors. He noted that legislation clearing the way for private and foreign investment in uranium mining had already been drafted but that a final version must be negotiated with Congress.

Regulatory reform of the mining sector generally is also envisioned to improve safety standards and to address current long delays in the licensing process.

Another initiative is the launch of an online system to bring together into a single platform geological information from the National Mining Agency, the Geological Survey of Brazil, and the various environmental agencies.

The goal is to make access to mineral resource information more comprehensive and consistent.

According to *Sputnik News*, the government wants to open up Indigenous reserves to mining and override a law mandating that Brazilian companies have at least 51 percent equity ownership in mining projects within 150 km of the border. That will mean tackling the approximately 400 disputes involving mining companies and Indigenous residents of areas desired for or currently under mineral exploration.

The new administration clearly has its work cut out in its stated goal of making the sector more attractive to potential investors.

### The promise of copper

Australian company Agua Resources has announced details of a new copper resource in Andrade, Rio Grande do Sul. The deposit is estimated to contain 10.8 million tonnes grading 0.56 percent copper and 2.56 grams/

tonne silver, located in a single structural panel. *Mining Journal* reports that the company has identified at least four panels over an 8 km strike running from north of Andrade to south of Primavera.

Agua acquired the Andrade copper deposit only in late February 2019 and believes it has great potential for exploration and expansion.

### Prospecting for cobalt

Brazil Minerals announced on 25 March that it had been granted an exploration permit for its nickel, cobalt, and copper project in an area of approximately 5,000 acres in Goiás state. According to the company, the area is known to contain lateritic nickel deposits, with the potential for associated cobalt and copper.

Goiás has 98 percent of Brazil's cobalt reserves as determined by the local mining department.

### Finding gold in Cuiú Cuiú

After announcing the discovery of a new high-grade zone in its Cuiú Cuiú project in Pará state at the end of February, Canadian company Cabral Gold released drill results on 26 March from the Machiche East target of the project.

The drilling program indicated gold in a new and previously unknown structure. Elevated silver, tungsten, copper, and molybdenum values were also noted. The results are part of a larger ongoing reconnaissance program to test nine distinct high-grade gold targets.

**VEIRANO ADVOGADOS**

Mining...

## ENERGY &amp; ENVIRONMENT

## Oil & gas in brief

### Disappointing February production

Brazilian oil production of less than 2.5 million b/d in February was a disappointment, while gas production of 110 million m<sup>3</sup> per day was roughly flat compared to one year earlier. Pre-salt oil production accounted for 57.4 percent of total output.

Overall oil production was down 4.9 percent from the same period last year and 5.4 percent from January, according to National Petroleum, Natural Gas, and Biofuels Agency (ANP) data, whereas pre-salt production was up 3.6 percent from last year but 0.6 percent down from the previous month. Only three new floating production and storage offshore units will be coming online this year, one of which is delayed from 2018.

The International Energy Agency expects Brazilian production to reach 3.3 million b/d by the end of the year, but lower-than-expected production growth so far has global implications because non-OPEC production outside the United States is declining.

### Plans for Frade field

After acquiring Chevron Brasil Upstream Frade, PetroRio has become the operator of the Frade heavy oil and gas field in the northern Campos basin. Frade currently produces 20,000 b/d, but PetroRio expects ...

**VEIRANO ADVOGADOS**

Oil, Gas & Biofuels...



An International Court of Arbitration (ICC) tribunal seated in Buenos Aires has granted declaratory relief in favor of Petrobras against Uruguay

## Petrobras news

### Exploring offshore Israel

Petrobras will participate in an auction to explore oil and gas blocks offshore Israel. Israel is tendering 19 new offshore blocks to oil and gas companies. A previous auction elicited bids from only two groups of companies but this time round, a better response is expected as conditions have improved. ExxonMobil is reportedly also considering bidding.

### TAG finds a home

Petrobras has accepted a US\$8.6 billion bid for the Transportadora Associada de Gás (TAG) gas pipeline network, which operates approximately 4,500 km of pipelines.

Groups led by French company Engie, Brazilian Investimentos Itaú (Itaúsa), and EIG Global Energy Partners with Mubadala Investment Company all delivered final bids to Petrobras for the TAG network.

The top bid, which came from the Engie-led consortium – which included Canadian investment fund Caisse de Dépot and Placement du Québec – was for 90 percent of TAG and included US\$800 million in debts.

The pipeline unit sale began in 2017 but was interrupted by a Supreme Court injunction and by the review of the divestment process by Brazil's audit court. The sale offers a major boost to the Petrobras asset sale program.

### Petrobras 1, Uruguay 0

As reported in *Latin Lawyer*, an International Court of Arbitration (ICC) tribunal seated in Buenos Aires has granted declaratory relief in favor of Petrobras against Uruguay in a dispute over the rising cost of gas imports. Nonetheless, the ICC dismissed the company's US\$50 million damages claim.

### Banks to sell stakes

State-owned bank Caixa Econômica Federal is selling its 2.3 percent stake in Petrobras, which has an ...

estimated value of US\$2.3 billion. Caixa has invited investment banks to submit proposals to manage the offering. The share price is likely to be set in May, according to Reuters.

Also planning ultimately to sell off its stake in the state-controlled oil and gas company is the Brazilian Development Bank (BNDES). Reuters reported on 27 March that the bank, which has a 13.9 percent stake in Petrobras, intends to reduce that proportion as part of its divestment plan.

### Liquigás on the table, again

Petrobras has reportedly contacted potential buyers of its Liquigás liquefied petroleum gas (LPG) unit, which it is attempting to sale as part of its asset divestment program.

An initial attempt at the sale fell apart a year ago. Now, *LatinFinance* reports that the company is seeking bids from other LPG companies that have a minimum US\$1 billion in assets under management and 2018 revenues of more than US\$100 million.

### Fining YPFB

Petrobras has fined Bolivian state-owned oil company YPFB for failing to meet its contractual volume of liquefied natural gas for 2018. The LNG is delivered through the Bolivia–Brazil pipeline. Petrobras expected an average 26 million cubic meters per day, but YPFB delivered just 22.6 million.

**VEIRANO ADVOGADOS**

Commercial Contracts...

production to increase by 11,000 b/d after redevelopment that may include drilling campaigns and water injections. The field has estimated reserves of 200–300 million barrels of recoverable oil.

PetroRio also hopes to supplement the Chevron 51.74 percent stake in Frade with the acquisition of an 18.26 percent stake from Frade Japao Petroleo, a joint venture formed by Inpex and Sojitz. The deal was completed last October but is subject to conditions and approvals. Petrobras holds the remaining 30 percent.

## Renewable energy

### Sugar versus ethanol markets

The Brazilian quota on ethanol imported from the United States is due to expire in the next few months, and negotiations to extend the agreement are stalled. Brazil wants greater access to the US sugar market in exchange for taking US ethanol, but talks on the subject stalled during President Jair Bolsonaro's recent US trip.

Corn-based ethanol produced in Mato Grosso could begin competing directly with US corn-based ethanol imports in the north-northeast region, as production in the region is growing by 50 percent this year over 2018.

### Ethanol versus sugar production

The sugarcane crush officially launched on 1 April with no clarity on the sugar-ethanol mill output mix for the upcoming season. The mix will determine ethanol and sugar prices and ethanol import levels.

As millers invest in ethanol equipment and storage they have greater and greater flexibility to switch their production to follow profitability.

### Eletrobras back in black

State-owned Eletrobras reported on 28 March that it had made a net profit of US\$3.4 billion in 2018, reversing losses of about US\$435 million in 2017 and reflecting the best performance in 20 years. The company attributes the improvement to the reduction of contracts with the Angra III nuclear power plant and the sale of some loss-making energy distributors.

Eletrobras investments showed a 12 percent drop over 2018, at US\$1.2 billion.

### Balancing intermittent energy sources

Energy planning company Empresa de Pesquisa Energetica (EPE) has identified 15 potential locations for pumped-storage hydropower plants in Rio de Janeiro state, according to *Hydro News*. The sites could generate a total 21,109 MW and would help to compensate for energy load variations in the system, which will grow as the share of intermittent renewables in the energy matrix increases.

EPE's power expansion plan envisions the need for 13,200 MW of complementary capacity in the country by 2027 to compensate the intermittency of other sources.

### The future of wind

Engie Brasil Energia has placed an order with Danish manufacturer Vestas Wind Systems for 86 wind turbines with a combined capacity of 361 MW. The turbines will be installed at the Campo Largo Phase 2 park in Bahia, and commissioning is planned for the beginning of 2021.

Meanwhile Quadran Brasil, a subsidiary of French multinational Quadran International, has place a 206 MW order with the same company for 49 turbines ...

destined for the Serrote wind park, in the state of Ceará. Operations are also planned for 2021.

These latest orders reflect the trend for wind power in the country. Brazilian output increased by 16.4 percent year-on-year in March, to 3,599 average megawatts (MW<sub>a</sub>), according to preliminary figures released by the Power Trading Chamber (CCEE). CCEE data published in the *InfoMercado Semanal* weekly bulletin for energy generation and consumption shows that the share of wind power in the national energy matrix rose to 5.4 percent from 4.5 percent in 2018.

With wind power installations estimated to amount to more than 300 GW globally in the next five years, according to the Global Wind Energy Council (GWEC), Brazil is well positioned as a wind producer and wind market. The country has the fifth-largest wind market in the world, after China, the United States, Germany, and the United Kingdom, with slightly over 2 GW of new capacity last year.

## Speeding up renewables projects

The Ministry of Mines and Energy has allowed five renewable energy projects, with a combined capacity of 140.8 MW, to issue infrastructure debentures. The move gives the Buriti hydro project, Sobrado I solar project, and Via Rio Grande do Norte I and II and Vila Sergipe I wind projects priority status.

This is necessary to speed up their implementation, under decrees published by the Brazilian Electricity Regulatory Agency (ANEEL).

**VEIRANO ADVOGADOS**

Infrastructure & Projects...

## Environmental news

### Soy versus forest

Mongabay nonprofit environmental news outlet reported at the beginning of April on data released by the Brazilian government's deforestation satellite monitoring system. Prodes system data reveal that a 220,00 km<sup>2</sup> area of the Amazon and Cerrado was deforested from 2006 to 2017.

Further, some 10 percent of the deforestation activity can be laid at the door of soybean cultivation, most of it in the Cerrado. An estimated 210 million tonnes of carbon dioxide equivalent emissions was released in the region over the period as a result of land clearance to make way for soy plantations.

The United Nations Committee on Climate Change has determined that tropical forest conservation could contribute about a third of the solution to climate change over the next 20 years.

### Privatizing park management

Environment Minister Ricardo Salles announced in late March that the government will begin privatizing the management of national parks later this year. The Chico Mendes Institute for Biodiversity (ICMBio), a government agency, is currently responsible for the oversight of territories that are demarcated as conservation units.

Salles, speaking at a Senate hearing, indicated that the government wants to privatize this oversight as quickly as possible.

### Muzzling IBAMA?

The government has ordered the Brazilian Institute of Environment and Renewable Natural Resources



Environment Minister Ricardo Salles

(IBAMA) not to respond to media inquiries. IBAMA issued a press release on 13 March stating that under the direction of the Ministry of Environment, all press requests should be redirected to the communications office of the ministry.

A ministry spokesperson stated that the purpose was greater efficiency and cohesion among government regulatory agencies. Observers are concerned that the move could make deforestation and other environmental damage more difficult to trace.

## Science & technology

### Geological modeling

IBM Research Brazil and Russian company Gazprom Neft have reached a research cooperation agreement to use artificial intelligence and machine learning to improve analysis and modeling of geological data. ...

According to EIN News, the technologies envisions will combine deep-neural networks and advanced probabilistic reasoning techniques to support data-driven geological decision making.

The initiative, which has been dubbed the Cognitive Geologist, involves integrating various types of data from all stages of the exploration cycle – seismic processing and analysis, well logging, core measurements, aerial photography, and others – into a single, cohesive system.

### **Measles are back**

Brazil is officially no longer free of the measles virus, which is demonstrating sustained transmission in the country by spreading over the past year. In 2018, there were 10,326 confirmed cases in 11 states, and vaccine coverage has been declining over the past three years.

The government expects the Pan American Health Organization to rescind Brazil's international certification of a measles-free country. It has announced a series of measures to improve vaccine coverage, stop transmission, and recover measles-free status by 2020.

### **The science of ethanol production**

Researchers affiliated with the National Institute of Science and Technology of Bioethanol (INCT Bioethanol) have partnered with colleagues from other universities and research institutions in Brazil and abroad to describe the first gene sequences involved in sugarcane-root cell separation and to characterize the functions involved.

The work is important for improving processes to convert sugarcane bagasse into fermentable sugar the process of obtaining second-generation ethanol and for increasing sucrose extraction.

PHOTOGRAPH: SENADO FEDERAL/WIKIMEDIA COMMONS



Chamber speaker Rodrigo Maia now expects to put the bill before the house in mid-July

### **POLITICS, LAW, SOCIETY**

#### **Politics in brief**

##### **Pension reform inches forward**

With social security eating up 32.6 percent of total public money available excluding debt repayment, pension reform has become the key factor in any substantial improvement in the Brazilian economy. But it is a truth universally acknowledged that the government's reform bill has a rocky road ahead.

Economy Minister Paulo Guedes had been defending the bill both to the Constitutional and Legal Affairs Committee (CCJ) and before the Senate Economic Affairs Committee. He has been negotiating directly with lawmakers in a bid to find common ground between executive and legislative branches at loggerheads with each other. President Jair Bolsonaro has refused to

negotiate and accused legislators of demanding federal jobs in return for supporting the reform bill, according to *International Valor*.

The proposal is intended to save more than US\$260 billion over 10 years by raising the minimum retirement ages for women and men, requiring workers to contribute to the system for longer, introducing private retirement accounts, and implementing a range of additional reforms (see *VistaBrazil*, January–February 2019).

Passage of the bill requires 308 of 513 members of the lower house of the Brazilian Congress, the Chamber of Deputies, to approve the package, which would then go to the Senate. That number has been inching up, from just 171 deputies reported by *Reuters* at the beginning of April to a potential 201 by the middle of the month.

Chamber speaker Rodrigo Maia now expects to put the bill before the house in mid-July – with a condition. ...



PHOTOGRAPH: MARCELO CAMARGO/AGÊNCIA BRASIL

Former Education Minister Ricardo Vélez Rodríguez

12  
18

According to *Valor*, Maia has indicated that his party, the Democrats, will support the government on pensions only if it has a better understanding of the government's other policies.

## Executive versus legislature

The Chamber of Deputies in late March passed a constitutional amendment proposal that would remove most of the government's control over the federal budget by forcing it to honor spending proposed by legislators – rather than deferring it to future budgets, as it can now do.

The new administration has been balking at negotiating with the legislative branch, and the 448–3 vote for the amendment reflects the frustration and anger of the legislature. President Jair Bolsonaro and Chamber of Deputies leader Rodrigo Maia have been publicly exchanging sharp words, and lawmakers are in no mood to bend to a high-handed administration.

Constitutional amendments must pass two rounds of

voting in both houses of Congress with a 60 percent majority. The proposal flew through its rounds in less than an hour in the Chamber. The Senate then softened the terms of the mandatory spending bill and sent it back to the lower house for a new vote, *International Valor* reports.

## Meet the new boss

Jair Bolsonaro's first pick for education minister was not long in his post. On 7 April, the president announced via social media that Abraham Weintraub would replace Education Minister Ricardo Vélez Rodríguez, who had managed to stir up plenty of controversy in his short tenure.

At a hearing of the Education Committee of the Chamber of Deputies, Rodríguez came under fire for being ill prepared to handle his portfolio. Specifically, he was criticized for a lack of plans for the sector and for the high number of dismissals of top educators within the ministry.

Some critics also suggested that the minister could use a little more education himself. Vélez Rodríguez wanted school textbooks to be revised on the subject of the military coup and dictatorship that followed, as he denies that the events should be characterized in those terms.

The minister called the coup "a sovereign decision of Brazilian society," the *Rio Times* reported, and asserted that textbooks ought to reflect "a wider version of history."

Vélez Rodríguez has also asked public schools to videotape students singing the national anthem, requested that they recite Jair Bolsonaro's campaign slogan "Brazil above everyone, God above all," and suggested that university education is not for everyone.

So is the new man an improvement? Weintraub is an

economist and a professor at the Federal University of São Paulo, with little experience in education management. He is also something of a conspiracy theorist, according to the *Guardian*, arguing as recently as last year that crack cocaine had been introduced into Brazil as part of a communist plot.

## Coup or revolution?

On 25 March, President Jair Bolsonaro unleashed a storm of criticism when his representative announced that he had instructed the Defense Ministry to hold "appropriate commemorations" for the 55th anniversary of the 1964 military coup, which started more than two decades of a regime that suspended elections and tortured citizens.

According to *The Guardian* newspaper, there is a growing campaign on the right in Brazil to present the coup as a revolution that saved the country from communism, rather than an unconstitutional and violent defeat of an elected government.

Although the president did not specify how the commemorations were to be staged, any mark of deference for the day is regarded by many as revisionism at its worst.

After widespread protest and a condemnatory statement from the Federal Public Prosecutor's Office, the attempt to celebrate the date was ended by Judge Ivani Silva da Luz, who barred the commemoration and called it "not compatible with the process of democratic reconstruction."

**VEIRANO ADVOGADOS**

White-Collar Crimes...



RENDERING: TAMANDARÉ DAEN.COM

The Brazilian Navy has chosen the Águas Azuis consortium to construct four vessels under the Tamandaré-class corvette (CCT) program

## 13 18 Defense issues

### Deals and demonstrations

The 2019 LAAD Defense and Security Exposition, which was held in Rio de Janeiro over 2–5 April, showcased all sorts of big toys and witnessed multiple deals.

In advance of LAAD exposition, the Turkish Aerospace T129 ATAK multi-role combat helicopter made its debut Brazilian flight in São Paulo. The two-seater twin-engined helicopter – specifically designed for attack and reconnaissance – was then on static display at the Turkish Aerospace stand.

Embraer demonstrated integrated solutions and applications of Command and Control, Intelligence, Surveillance, and Reconnaissance (C4ISR), integrated information systems, communication, monitoring and surveillance of frontiers, radar technologies, and space systems. The company also brought along its A-29

Super Tucano aircraft and the multi-mission military transport KC-390 aircraft.

During the exposition, UK-based company SEA signed a memorandum of understanding with Brazilian SIATT for the production of SEA's Torpedo Launcher System. SIATT initiated talks with Russian state-owned Rosoboronexport to market and build Orlan-10E multi-mission surveillance and reconnaissance unmanned aerial systems (UAS) in Brazil. And Russian UAS manufacturer Special Technology Center and Brazilian consulting firm Logitec Assessoria em Logística were reportedly in talks to sell the Águia-10E UAS for military, security, and civil applications.

### Corvettes for the Navy

The Brazilian Navy has chosen the Águas Azuis consortium to construct four vessels under the Tamandaré-class corvette (CCT) program, according to Shephard online news. The escort ships will be used for the ...

## Legal issues

### Catch and release

Former president Michel Temer and former minister of mines and energy Wellington Moreira Franco were arrested on 21 March over allegations of having accepted illicit payments related to construction work at the Angra 3 nuclear power plant in Rio de Janeiro.

Federal prosecutors believe they have discovered a scheme to pay kickbacks as part of the selection of subcontractors for the Angra 3 project. Moreira Franco is charged with “interceding and influencing the selection” of subcontracted companies, according to the *Rio Times*.

Also alleged to be involved are Carlos Alberto Costa senior and junior, former admiral Othon Luiz Pinheiro, Ana Cristina, Maria Rita Fratezi, and Carlos Alberto Gallo.

Temer and Moreira Franco were granted habeas corpus and released on 26 March, but Temer is named in nine additional investigations. On 3 April, he was indicted by the Rio de Janeiro and São Paulo federal courts on two counts of corruption and embezzling public funds, and one count of money laundering. He denies all charges.

### Gun laws under fire

President Jair Bolsonaro was elected on a law-and-order platform that envisioned loosening gun laws to enable citizens to arm themselves, particularly as a protection against potential criminal activity. More than 60,000 ...

**VEIRANO ADVOGADOS**

Dispute Resolution...

protection of maritime traffic and controlling Brazilian jurisdictional waters and exclusive economic zone, an area of more than 4.5 million km<sup>2</sup>.

The consortium, which comprises Thyssenkrupp Marine Systems, Embraer Defense and Security, and Atech, will form a special-purpose company to implement the program, which will see the corvettes delivered over 2024–28. They will be built at CBO Group's Oceana shipyard in Itajaí. The consortium is reportedly also hoping for sales to other BRICS countries.

### Radar contract for Omnisys

The Commission for the Implementation of the Airspace Control System (CISCEA) has awarded a contract to Omnisys, the Brazilian subsidiary of French aerospace company Thales, to install LP23SST-NG long-range primary radar and RMS970S secondary route surveillance radar in Ponta Porã, Corumbá, and Porto Murtinho.

The system will help the Brazilian Air Force to intercept drug trafficking and other forms of smuggling.

The radar can accurately identify three-dimensional targets and detect aircraft either flying at low or zero speeds (such as helicopters) or with high-speed and high-maneuverability capabilities (such as fighter jets). The data will be processed and analyzed by the Brazilian Airspace Control System.

Omnisys will also provide preventive and corrective maintenance, field technical support and maintenance, and operator training.

President Jair Bolsonaro hopes to enable citizens to arm themselves

people are killed annually by gun violence in Brazil, which has a massive black market for weapons.

On 13 March, a mass shooting took eight lives at a São Paulo public school before the two shooters committed suicide. The shocking attack predictably triggered further debate about gun legislation, with supporters of the president asserting it was proof that earlier disarmament policies had failed and opponents insisting that arming the population is a wrongheaded way to tackle gun violence.

### Social issues

#### Employment news

According to the Brazilian Institute of Geography and Statistics (IBGE), unemployment rose to 12.4 percent in the three months to February 2019, from 11.6 percent in the September–November period. The result is very slightly down from 12.6 percent a year earlier but is the highest rate since three months ending June 2018.



PHOTOGRAPH: GARY BLAKELEY

The stubborn persistence of unemployment is a major problem in efforts to turn the economy around.

### Marching for women

Thousands took to the streets of São Paulo, Rio de Janeiro, and Brasília for International Women's Day on 8 March to demand gender equality and an end to violence against women. More than 70 percent of women murdered in Brazil are killed by a former or current domestic partner, and the country is among the five in the world with the highest number of murdered women.

President Jair Bolsonaro marked the day at a ceremony in Brasília, taking the opportunity to declare that his cabinet – with two women ministers out of 22 – had achieved gender parity. Asked to clarify, he replied that each of the women was worth 10 men. Brazilian women may not expect much progress under the current government.

### Relocating Venezuelans

In March, the International Organization for Migration (IOM) undertook a second charter flight for Venezuelan migrants and asylum seekers who want to participate in voluntary relocation. The flights are part of the Brazilian government–sponsored Operation Acolhida (Welcome), which is supported by United Nations agencies and partner civil society organizations.

The program matches the labor profiles of the migrants and asylum seekers with job opportunities in the industrial sector. It is managed by the Brazilian Armed Forces.

**VEIRANO ADVOGADOS**

Healthcare...

## INTERNATIONAL AFFAIRS

## Diplomatic briefs

### Bolsonaro in Chile

On 22 March, President Jair Bolsonaro made his first formal state visit, but found his reception in Chile somewhat frosty.

Left-wing Chilean legislators were concerned that their government was paying deference to a leader who has what they see as questionable human rights credentials and dangerous populist tendencies. Bolsonaro's praise of the former military dictatorship in Chile prompted a rare political boycott of his visit, as the leaders of both houses of the Chilean congress did not attend a lunch in his honor.

Gay and anti-fascist activists also planned protests against the divisive leader, who is known for discriminating against women and LGBT people and other minorities.

Bolsonaro was visiting Santiago to participate in meetings about regional trade initiatives with Chilean president Sebastián Piñera and Colombian president Iván Duque. Along with the presidents of Argentina, Ecuador, Paraguay, and Peru, they were gathered to launch the Forum for the Progress of South America (Prosur), a conservative-minded group of South American leaders.

The regional forum is the brainchild of Piñera and Duque and is intended to replace the moribund Unasur, which was spearheaded a decade ago by Brazilian president Luiz Inácio Lula da Silva and the late Venezuelan leader Hugo Chávez.

PHOTOGRAPH: CHATHAM HOUSE/WIREIMAGE.COM/COMMONS



Israeli president Benjamin Netanyahu suggested that the new Brazilian diplomatic trade mission was a step toward relocating the Brazilian embassy to Jerusalem

### Keeping channels open

Defense Minister Fernando Azevedo has indicated that the Brazilian Armed Forces are keeping a communication channel open with the Venezuelan military although the Brazilian government no longer recognizes Nicolás Maduro as president. The dialogue is held through military attachés in Brasília and Caracas and is reportedly proving a useful gauge of the loyalty of Venezuela's top commanders to Maduro.

Azevedo called the channel a part of "military diplomacy." Brazil has repeatedly ruled out backing a military intervention in Venezuela.

### International trade

#### Positive trade balance

Brazil had a trade surplus of US\$3.673 billion in February, the difference between US\$16.293 billion in exports and US\$12.620 billion in imports.

Exports consisted of US\$8.363 billion in sales of primary goods such as soy and corn, US\$ 5.956 billion in manufactured goods, and US\$1.974 billion in semi-manufactured goods such as cast iron and soybean oil. The main import categories were industrial ovens, electric motors, crude oil, diesel oil, cars, and medicine.

### A trade mission in Jerusalem

In an April visit to Israel, President Jair Bolsonaro announced that Brazil would open a new diplomatic trade mission in Jerusalem. Israeli president Benjamin Netanyahu suggested at a joint press conference that the official Brazilian office for trade, technology, and innovation was a step toward relocating the Brazilian embassy to the city.

Perhaps. The new Brazilian government has been see-sawing on its earlier promise to relocate the embassy, concerned about damaging trade ties with Muslim countries. Before his trip to Israel, Bolsonaro re-emphasized that he intends to visit other Middle Eastern countries later this year. ...

At the request of Arab diplomats, Agriculture, Livestock, and Supply Minister Tereza Cristina Corrêa will meet with 51 ambassadors of Arab countries on 10 April to confirm the government's intention to bolster commercial ties. Brazil is the largest exporter of halal beef globally, and its exports of chicken and beef to Arab countries were worth US\$3.5 billion in 2018.

In 2017, Brazil had a \$7.1 billion trade surplus with Arab League countries and a US\$419 million deficit with Israel.

The new president's sympathies may lie with Israel, but the real importance of good economic relations with Arab and Islamic-majority countries was clear on 9 April when Bolsonaro held a dinner for the ambassadors of 36 such countries. He referred to the "bonds of friendship, respect, and fraternity," according to the *Rio Times*, in a bid to strengthen connections with these trading partners.

## Going to bat against EU tariffs

In late February, the Brazilian government demanded compensation from the European Union over steel tariffs and notified the World Trade Organization (WTO) that it might adopt other measures to balance its trade with Europe.

The so-called safeguards tariffs were enacted in July 2018 to protect European steel production and were a response to the decision of the Donald Trump administration in the United States to impose tariffs on steel and aluminum imports. In its recent decision, the European Union extended the tariffs for a further two and a half years.

The tariffs establish quotas for 28 product categories, of which Brazil is subject to seven.

## VERBATIM

Verbatim reports on recent developments at Veirano Advogados, offers timely client alerts on new legislation and related information, lists publications authored by members of the Firm's team of specialists, and provides other current and pertinent content.

## Firm news

### Lifetime Achievement Award

Founding partner Ronaldo Veirano has received a Lifetime Achievement Award from *Latin Lawyer*. The distinction is granted to lawyers whose successful careers stand out, transcending the boundaries of the firms they founded and helped to develop.

[Continue reading...](#)

### Chambers Global 2019

Veirano Advogados has been recognized as a leading firm in 15 practice areas, once again among top-tier Brazilian firms. The publication also acknowledged 24 partners from our team as leading lawyers, with a total of 27 recognitions. [Continue reading...](#)

### Thought Leaders Global Elite 2019

Veirano partners Ana Caetano and Fábio Pereira were recognized as Thought Leaders Global Elite 2019 by Who's Who Legal, respectively in Trade & Customs and Data. The publication identifies the foremost legal practitioners and consulting experts in business law through a comprehensive, independent research.

[Continue reading...](#)

## Latin Lawyer 250

The ranking of the leading business law firms in Latin America once again recognized Veirano Advogados, highlighting our "consistently high standard of quality and market recognition." The editors of the publication praised 19 practice areas, as well as 57 lawyers from our team. [Continue reading...](#)

## Advisory Council nomination

Environment partner Ana Luci Grizzi was recently nominated as a member of the Nature Conservancy's Advisory Council in Brazil. Operating in 34 countries and in all 50 US states, the Council has the mission of conserving land and water. [Continue reading...](#)

## Client alerts

### Deadline for controlled chemical products

The publication of Decree 9,720/2019 has changed the effective date of Decree 9,493/2018 (Guideline of Controlled Products). The new date for the rule to come into full force and effect is 6 September 2019. [Continue reading...](#)

### PTO clarifications

The Brazilian Patent and Trademark Office has issued clarifications regarding new patent decision codes 6.6.2 (Formal Office Action – access to genetic patrimony) and 6.6.3 (Formal Office Action – sequence listing). The codes were published in the *Brazilian Official Bulletin*, number 2511. [Continue reading...](#)

### Federal District policy on energy

Law 6,274/2019 has been published to provide guidelines for the District Policy to Encourage the ...

Generation and Use of Solar, Wind and Biomass Energy and Cogeneration. The law is intended to rationalize the consumption of electricity and other forms of energy in the Brazilian Federal District. [Continue reading...](#)

## Water dam policy

On 27 February, the Minas Gerais Water Agency published Ordinances 02/2019 and 03/2019. The former regulates the National Dams Safety Policy; the latter regulates the registration of users of state water resources that include dams, except for hydroelectric generation.

[Continue reading...](#)

## Delegation of powers by IBAMA

The Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) has issued Ordinance 08/2019, outlining administrative proceedings to guide the delegation of federal environmental licensing powers to states and municipalities. [Continue reading...](#)

## Informing the Internal Revenue

Pursuant to Normative Ruling 1,863/2018, the deadline for Brazilian and foreign legal entities that are enrolled with the Corporate Taxpayers Registry (CNPJ) to inform the Brazilian Internal Revenue of their ultimately beneficial owners has been extended to 26 June 2019. [Continue reading...](#)

## Union contributions

In light of controversy provoked by the possibility of companies withholding union contributions from employees' salaries, amendments to articles 578 and 579 of the Consolidação das Leis do Trabalho (the CLT, a consolidation of Brazilian labor law) have made clear the requirement for prior voluntary and express authorization by individual employees.

The amendments declare as null and void any provisions in collective bargaining agreements that include generic authorization for withholding payments.

[Continue reading...](#)

## Brazilian capital abroad

Pursuant to Resolution 3,854/2010 of the National Monetary Council and to Circular 3,624/2013 of the Central Bank of Brazil, as amended by Circular 3,830/2017, individuals and legal entities resident or domiciled in Brazil that have assets and amounts outside the Brazilian territory must declare the information to the Central Bank. [Continue reading...](#)

## Statements before the Central Bank

In accordance with Circulars 3,689/2013, 3,814/2016, and 3,822/2017 of the Central Bank of Brazil, which regulate foreign capital in Brazil and Brazilian capital abroad, Brazilian companies with direct foreign investments of non-residents must keep up to date certain information before the Central Bank of Brazil. [Continue reading...](#)

## Regulation of telemedicine

The Federal Board of Medicine (CFM) has revoked Resolution 2,227/2018, which it recently enacted, in response to the protests of regional councils and medical professionals. The decision was ratified on 26 February. The resolution had been intended to enable broader use of telemedicine. [Continue reading...](#)

## ANVISA on administrative appeals

The Brazilian Health Regulatory Agency (ANVISA) has published Resolution 266/2019 of the Collegiate Board of Directors (RDC), revoking previous resolutions and covering administrative appeals against decisions arising from technical analysis within the scope of the Agency's activities. [Continue reading...](#)

## IOF levy update

Since 2006, under the terms of Law 11,371/2006, Brazilian exporters have been allowed to hold export revenues in offshore bank accounts. Since the beginning of February, banks and foreign exchange brokers have started to apply the IOF levy (tax on financial transactions) at a 0.38 percent rate on the entry of export resources held abroad by exporters.

The charge is based on an understanding formalized by the Internal Revenue Service in Ruling No. 246 of December 2018. [Continue reading...](#)

## Tailings dam regulations

The National Mining Agency (ANM) has issued Resolution No. 4, adopting precautionary regulatory measures to ensure the stability of tailings dams. The resolution applies in particular to dams either built by the upstream method or using tailings to raise walls. The resolution bans the construction of new upstream tailings dams and sets a deadline of 15 August 2021 for existing upstream dams to be decommissioned or removed. [Continue reading...](#)

## Municipal law and environmental lawsuits

The Brazilian Superior Court of Justice (STJ) has interpreted the application of the Forest Code as having the potential to be overridden only if there is a stricter municipal law relating to the subject. The ruling was made in regard to a conflict that occurred in the municipality of Petrópolis, Rio de Janeiro. [Continue reading...](#)

**VEIRANO ADVOGADOS**

News and Publications...

## Publications

### Environment Newsletter

Veirano Advogados has released a new edition of its *Environment Newsletter*, prepared under the coordination of partner Ana Luci Grizzi and associate Leonardo Freire. [Continue reading...](#)

### Multi-cargo port terminal and finance

Veirano partner Fabio Figueira has contributed an article to the *Islamic Finance News* about the participation of the Abu Dhabi Fund for Development in the construction of a multi-cargo port terminal in the city of São Mateus, in the state of Espírito Santo. [Continue reading...](#)

### IFN Annual Guide 2019

Veirano partner Fábio Figueira and lawyer Kaled Halat contributed an article entitled "Agribusiness to Increase Shariah-Compliant Assets in Brazil," to *Country Report Brazil*, an annual guide produced by *Islamic Finance News*. The article discusses economic relations between Brazil and the Islamic market. [Continue reading...](#)

### Advertising law

Veirano partner Valdir Rocha has contributed the Brazil chapter to the second edition of *Advertising Law: A Global Legal Perspective*, a two-volume publication organized by the Global Advertising Lawyers Alliance (GALA). The book provides a complete overview of marketing and advertising law in more than 65 countries. See <https://amzn.to/2DoDWss> and <https://amzn.to/2SnNzIL>

### Medical advertising

Veirano associate Ligia Alvarenga has written an article on the advertising parameters that apply to the medical field in Brazil. The article appears in the *GALA Gazette*, a publication of the Global Advertising Lawyers Alliance. [Continue reading...](#)

VEIRANO ADVOGADOS

VistaBrazil March/April 2019