ENVIRONMENT & AGRIBUSINESS

CLIENT ALERT

MARCH/2020

AGRIBUSINESS: RURAL CREDIT ADVANCEMENTS – "AGRIBUSINESS PROVISIONAL MEASURE" TURNED INTO LAW

Provisional Measure No. 897, referred to as "MP do Agro", was turned into Law 13.986, published on April 7, 2020. With the Law, several advancements foreseen to stimulate growth in rural financing and private participation are now fully in force.

Among the main provisions brought by the Law, we highlight:

(i) Improvements to the Rural Product Letter ("CPR"), instrument used to consolidate a promise of delivery of rural product in exchange for financing, such as enabling (i) the possibility of a CPR with financial settlement to be issued with an adjustment clause for the exchange variation (ii) inclusion of a wider range of legitimate parties to issue the CPR including agribusiness and planted forests enterprises, (iii) including in the possible coverages products with an initial level of manufacturing as well as planted forests;

(ii) Institution of the Rural Segregated Assets Estate in part or the total area of the property, constituting guarantee instrument with stronger rights similar to fiduciary liens to creditors;

(iii) Creation of the Rural Estate Note ("CIR"), as a result of the Rural Segregated Assets Estate, which shall be issued by owners of rural real estate using the entire property or its fraction, in compliance with the environmental legislation, and which will be able to be negotiated in the securities market;

(iv) Possibility of the CDCA – Certificate of Credit Rights from Agribusiness and the CRA – Certificate of Receivables from Agribusiness (a security) being issued with a price adjustment clause based on exchange rate as long as their respective coverage also follows the same structure and are issued in favor of a non-resident investor.

Veirano´s team is experienced on the subject and remains available for clarifications.

PRACTICE AREA
Environment
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