

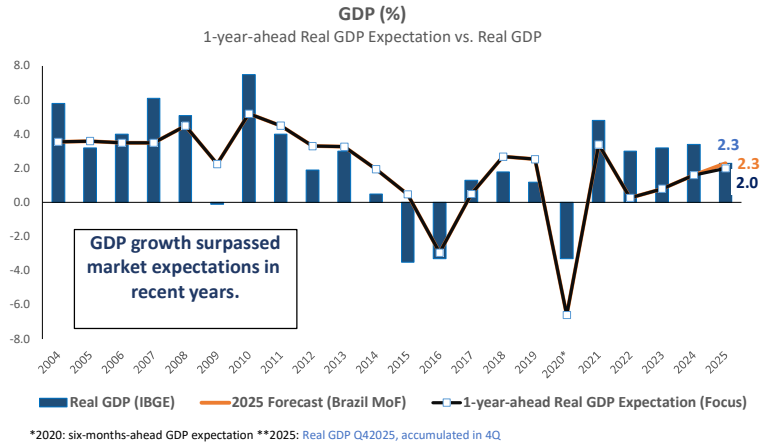
BRAZIL: MACROECONOMIC MONITOR

April 27, 2026

Highlights

• **Record Euro issuance and strong investor demand signal confidence in Brazil's sovereign debt** Brazil raised EUR 5 billion across 4,7- and 10-year bonds, with demand exceeding EUR 16 billion, signaling robust investor appetite. The issuance achieved competitive yields (4.24% to 5.63%) and relatively low spreads (145–255 bps over mid-swaps), with a diversified investor base led by Europe. The operation strengthens debt management by extending maturities, diversifying funding sources, and reinforcing Brazil's presence in international markets.

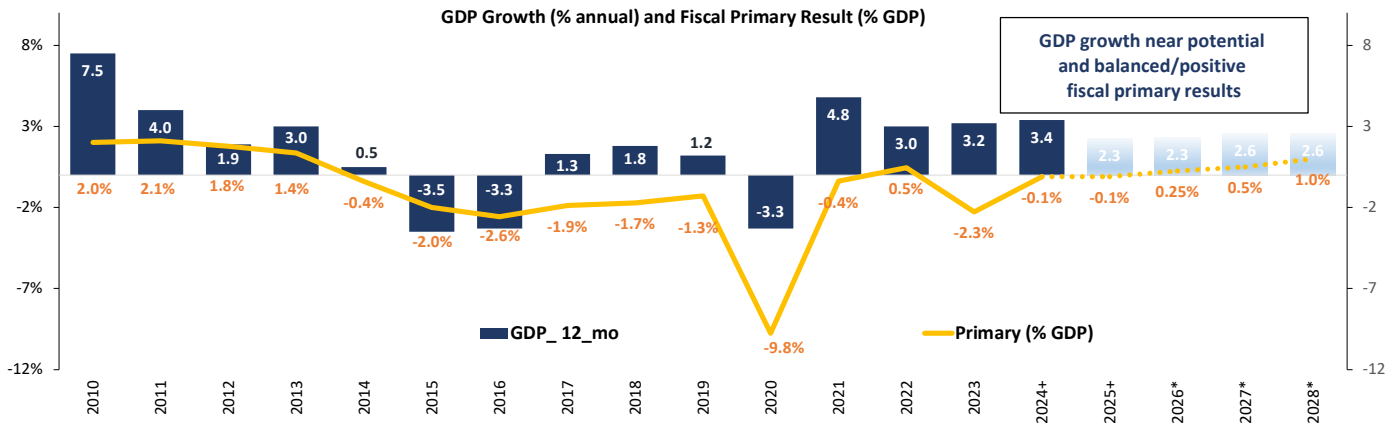
• **Brazil with record trade flows in Q1 2026:** From January to March 2026, Brazil exports totaled US\$ 82.3 billion and imports, US\$ 68.2 billion, with a surplus of US\$ 14.2 billion and trade flows of US\$ 150.5 billion. The values of exports, imports and trade flows in Q1 2026 are records for the historical time series. When compared to Q1 2025, exports grew 7.1% YoY. Imports grew 1.3%, and the trade flow grew 4.4%. In terms of sectors, in exports the largest growth was observed in the extractive industry (22.6% YoY), driven by oil and iron ore, but also positive growth in manufacturing (2.8%) and agriculture (2.4%). In terms of imports, growth was observed in manufacturing (2.3%), with declines observed in agriculture (-19.9%) and extractive industries (-7.4%).



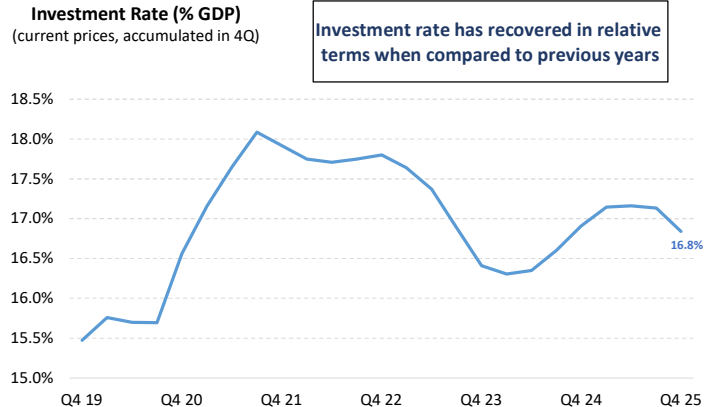
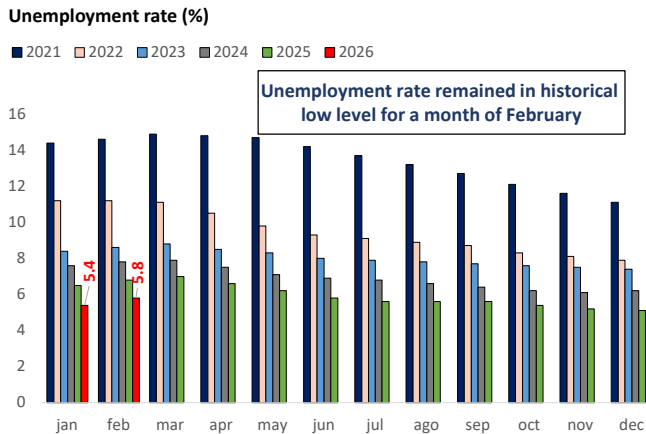
	2020	2021	2022	2023	2024	2025	2026
GDP (% YoY)	-3.3	4.8	3.0	3.2	3.4	2.3	2.3 (*)
Consumer Inflation IPCA (% YoY)	4.5	10.1	5.8	4.6	4.8	4.3	3.7 (*)
Current Account (USD bi)	-24.2	-39.4	-42.0	-27.0	-65.3	-66.7	-61.2 (**)
Foreign Investment in the Country (USD bi)	38.3	46.4	75.5	62.8	74.1	77.7	75.0 (**)
International Reserves (USD bi)	355.6	362.2	324.7	355.0	329.7	358	367 (23 Apr)
Unemployment rate (%)	14.2	11.1	7.9	7.4	6.2	5.8 (***)	5.8 (***)
General Government Gross Debt (% GDP)	86.9	77.3	71.7	73.8	76.3	78.64***	83.40 (**)
Ibovespa Index (BRL, % chg.)	2.9	-11.9	4.7	22.3	-10.4	34.0	18.5 (ytd)
CDS 5 years (year average)	151	222	250	140	188	139	133
Interest rate (Selic Target) (% eop)	2.00	9.25	13.75	11.75	12.25	15.00	13 (**)

Estimates: (*) Ministry of Finance Macroeconomic Projections, Mar. 13, 2026; (**) Focus Survey, Central Bank of Brazil, Apr. 24, 2026; (***) Last date

BRAZIL: ECONOMIC OUTLOOK

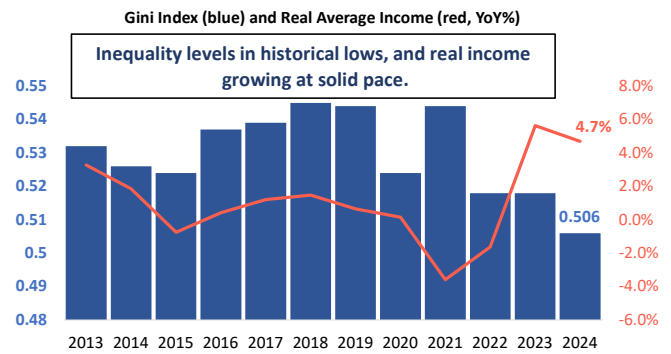
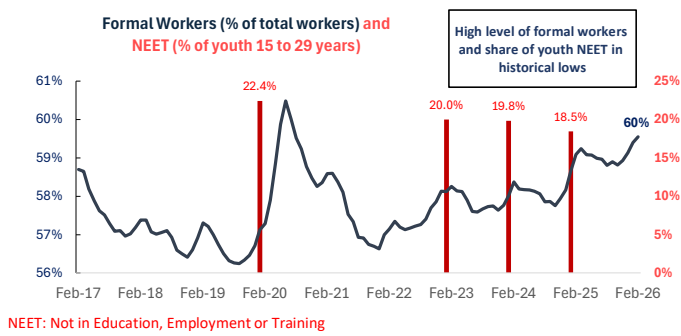


+In 2024 and 2025 -0,1% of GDP, excluding extraordinary expenditures with natural disasters and court-ordered debt payments.
 * From 2025 onwards, GDP forecasts from the Ministry of Finance (Feb/26) and Primary Result Targets from the Fiscal Framework.



Sources: BCB, Min. of Finance, Bloomberg, IBGE

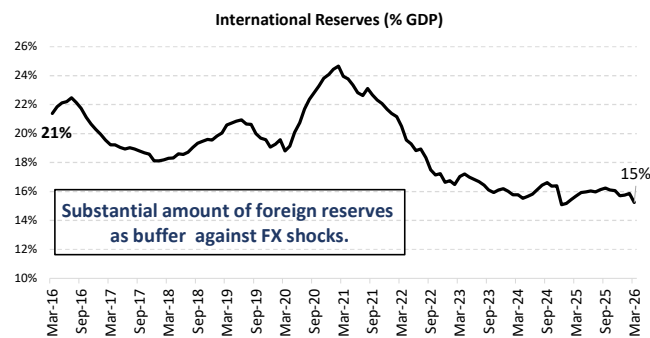
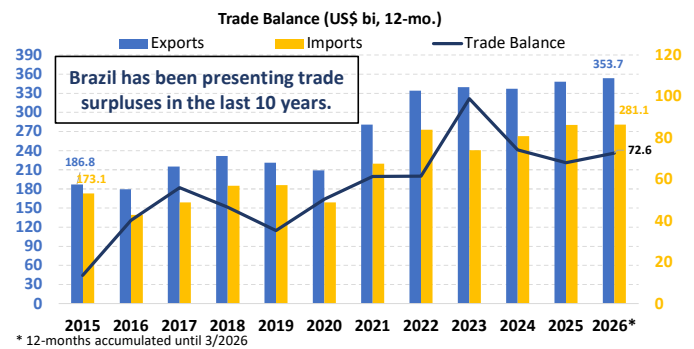
BRAZIL: ECONOMIC OUTLOOK



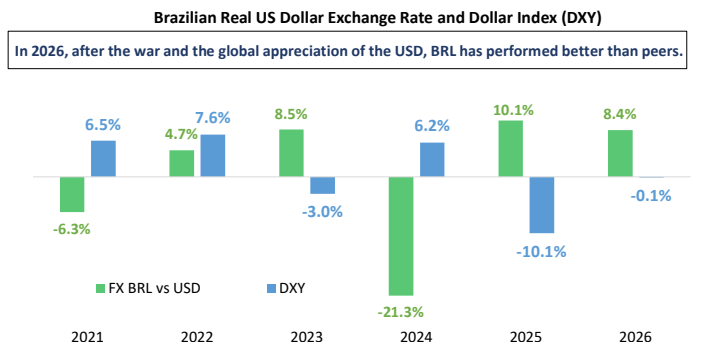
Brazil leader of exports in several agribusiness goods

List of Goods Brazil is Leader in Global Agribusiness Exports 2024		
Good	Approximate Share of Global Exports	Main Destinations
Soybeans	54%	China, Spain, Thailand, Netherlands
Orange juice	40%	USA, EU, China
Sugar	27%	Indonesia, India, China
Chicken meat	25%	China, Japan, Saudi Arabia, UAE
Coffee	22%	USA, Germany, Belgium
Pulp	19%	China, USA, Italy
Beef	17%	China, USA, UAE
Ethanol	9%	South Korea, USA, Netherlands,

Source: TradeMap, Comexstat



Sources: BCB, Bloomberg, IBGE, MDIC



Brazil – Main Macroeconomic Indicators

* The Brazilian economy has shown good performance, with **GDP growth exceeding expectations in recent years** — 3.2% in 2023 and 3.4% in 2024. In 2025, GDP has slowed to 2.3%, in line with the rise in policy rates to curb inflationary pressures. Indeed, inflation has slowed from a peak of 12.1% YoY in April 2022 to 3.8% YoY in February 2026, staying within the target band. **Growth on the demand side has been sustained by strong domestic consumption.** On the fiscal front, the **primary result** has stayed within the target range both in 2024 and 2025 (-0.1% of GDP, excluding extraordinary expenditures with natural disasters and court-ordered debt payments). Finally, the **investment rate**, after declining during the pandemic, has been recovering in relative terms when compared to previous years, reaching 16.8% of GDP in Q4 2025 (accumulated in four quarters), driven by the production of capital goods and machinery and equipment. Together, these factors indicate a scenario of moderate growth, consistent with solid macroeconomic fundamentals.

* On the **labor market**, despite the deceleration in GDP in 2025, the indicators have shown broad resilience. The **unemployment rate** reached 5.8% in February 2026, the **lowest level for a month of February in the historical series**. The **informality** is around 37.5%, lowest level since July 2020. **Wages are in historical highs**, with real average usual monthly income growing 5.2% YoY and reaching the level of R\$ 3679 in February 2026. The proportion of young people aged 15 to 29 who are not in education, employment, or training (NEET) remains in historically low levels (18.5% in 2024). From an income distribution perspective, there is a downward trend in the Gini index and a consistent rise in the population's average real income in recent years. This data indicates resilience in the labor market, and a reduction in inequality.

* Regarding Brazil's **foreign trade**, it is possible to see a consistent performance in recent years. The country has maintained significant trade surpluses — reaching US\$ 72.6 billion in the 12 months up to March 2026 — as a result of exports remaining at higher levels than imports. The export portfolio has one of its important pillars in agribusiness, with Brazil leading global exports in several goods (such as soybeans, coffee, sugar, beef, chicken, corn), consolidating the country role as a bedrock of global food security.

* In terms of the **exchange rate**, the Brazilian real appreciated against the U.S. dollar in 2025, following a global trend of U.S. dollar weakening. In 2026, this trend has been stopped since March with the war in Iran and the global dollar appreciation. Nevertheless, the BRL has performed better than other peer countries, due to the fact that the country is a net crude oil exporter, and higher share of renewables (e.g. biofuels) on the energy matrix. Meanwhile, Brazil maintained a robust level of **international reserves**, reaching around 15% of GDP in March 2026. This substantial volume of FX reserves serves as an important buffer against external volatility and exchange rate shocks. They reinforce the credibility of economic policy and the country's ability to respond in adverse scenarios.

Brazil Fertilizers Outlook and Measures under the context of Middle East conflict

Summary

Due to its huge agricultural production and leadership in several agricultural goods, Brazil is the largest consumer of fertilizers in the world. However, the country exhibits a high external dependence on fertilizers, importing most of its phosphate, sulfur, potash, and nitrogen-based inputs, which increases its exposure to international shocks. The recent conflict, combined with export restrictions from major producers, has sharply driven up prices—particularly for nitrogen and phosphate fertilizers—further exacerbated by the concentration of suppliers in the Middle East. This scenario significantly raises the risk for agricultural production. Moreover, under the context of conflict, Brazil has promoted actions to mitigate the impacts in the national economy. Among them, subsidies and/or tax exemptions for diesel, biodiesel, LPG and jet fuel (and law project for exemptions also on gasoline and ethanol). In addition, support for exporters and their suppliers affected by the conflict (including national producers of fertilizers, that supply inputs to agricultural exports to the Middle East). The nature of these measures is targeted and temporary, to shield consumers and the broader economy, while maintaining fiscal neutrality. Going forward, Brazil will also look to diversify its supply sources and increase domestic production in order to reduce the concentration and dependence on fertilizers' imports.

Prices and Global Supply of Fertilizers

Fertilizers were a category of goods that experienced significant price increases. In addition to the conflict in the Middle East—which has disrupted both production and logistics—the market is being affected by export restrictions imposed by two major producers (China and Russia), both justified by the need to prioritize domestic supply. The two categories most impacted are nitrogen-based fertilizers, which rely on natural gas as a key input in their production, and phosphate fertilizers, which in certain formulations require sulfur.

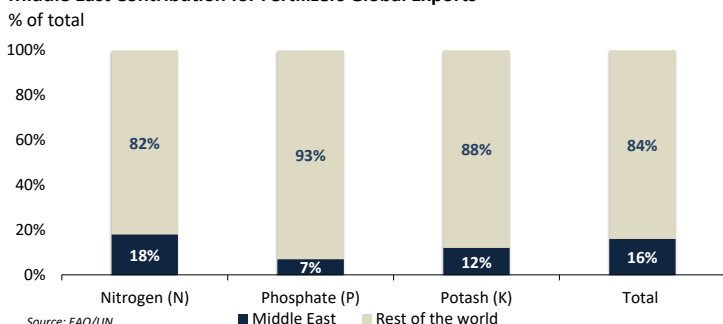
	Fertilizers Price Comparison - Ukraine War x Iran War							
	Ukraine War - Feb 24, 2022				Iran War - Feb 28, 2024			
	Internacional Price US\$/ton	Monthly Change 1m after onset	Brazil's Price US\$/ton	Monthly Change 1m after onset	Internacional Price US\$/ton	Monthly Change 1m after onset	Brazil's Price US\$/ton	Monthly Change 1m after onset
Urea	903	69	1050	90	688	46	735	56
MAP (P)	1190	44	1250	41	790	14	880	19
Potassium Chloride (K)	704.25*	21	1050	32	275*	3	388	4

Source: Bloomberg through Green Markets
 Note: short tons were converted to metric tons using the rate: 1 short ton = 0.9 metric ton.

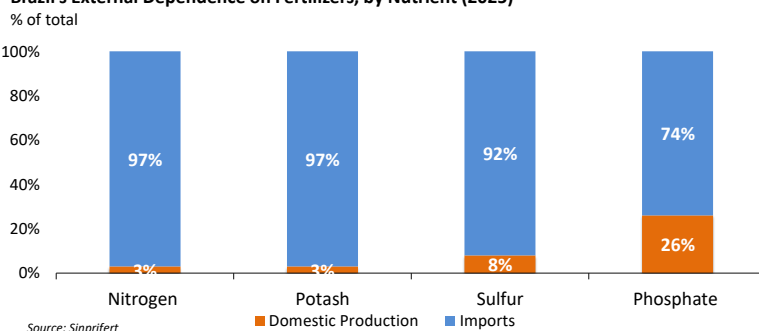
When comparing international fertilizer prices one month after the start of the Ukraine war (2022) and the same period after Iran war (2026) the magnitude of the increase was lower. Nevertheless, in the case of urea the rise has been significant in both episodes. This pattern largely reflects the relatively smaller role of the Middle East as a supplier of non-nitrogen fertilizers, in contrast to the central role played by Russia across the three main nutrient groups (N, P, K). In the domestic market, price variations across all three fertilizer categories have been more contained one month after the current conflict than the same period in the Ukraine shock. The conflict is expected to have an immediate and severe impacts on fertilizers markets, particularly on nitrogen-based products. According to data from the Food and Agriculture Organization (FAO), Middle Eastern countries accounted for approximately 16% of total global fertilizers exports in 2023, with a higher share in nitrogen, reaching around 18%.

Brazil has a high external dependence on fertilizers and their inputs. The country met its demand through imports for 74% of phosphate, 92% of sulfur, 97% of Potash, and 97% of nitrogen (including 100% of urea), with a significant share of this volume exposed to the Hormuz Strait route.

Middle East Contribution for Fertilizers Global Exports



Brazil's External Dependence on Fertilizers, by Nutrient (2025)

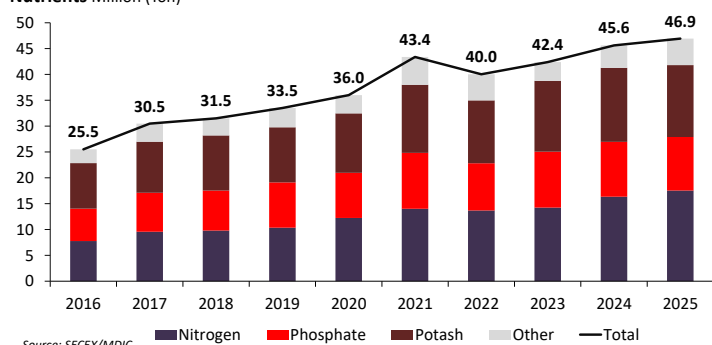


Brazil's Fertilizers Imports

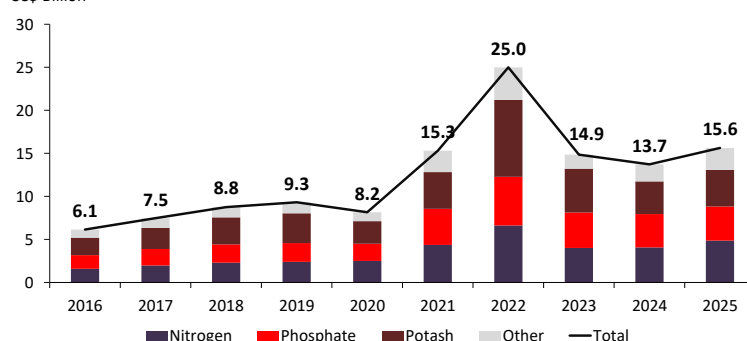
Brazil is the world's largest importer of fertilizers. According to data from the Ministry of Development, Industry, Trade and Services (MDIC), imports reached a historical record of 46.9 million tonnes in 2025, consolidating the country's position as the largest fertilizer importer globally. In volume terms, 2025 imports were composed of 37% nitrogen-based fertilizers, 30% potash, 22% phosphate fertilizers, and 11% other fertilizers and soil nutrients.

In value terms, imports totaled USD 15.6 billion in 2025, increasing by 13.9% compared to 2024, but remaining well below the peak of USD 25 billion reached in 2022, following the Ukraine War. In terms of composition, 2025 imports were distributed as follows: 31% nitrogen-based fertilizers, 27% potash, 26% phosphates, and 15% other fertilizers.

Brazilian Imports of Fertilizers and Soil Nutrients, by Primary Nutrients Million (Ton)



Brazilian Imports of Fertilizers and Soil Nutrients, by Primary Nutrients US\$ Billion

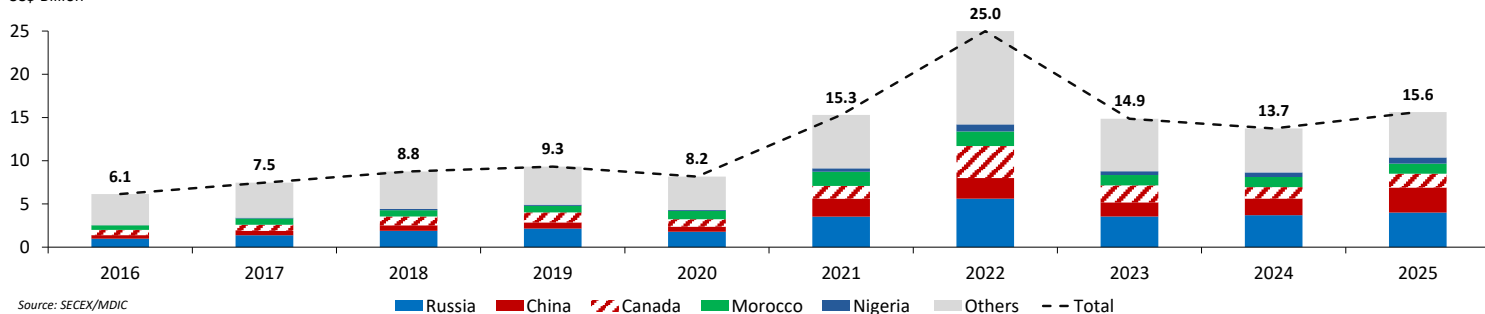


Brazil Fertilizers Outlook

In 2025, the main sources of Brazil's fertilizer imports were Russia (26%), China (19%), Canada (10%), Morocco (8%), and Nigeria (4%).

Brazilian Imports of Chemical Fertilizers and Soil Nutrients (Value)

US\$ Billion



Source: SECEX/MDIC

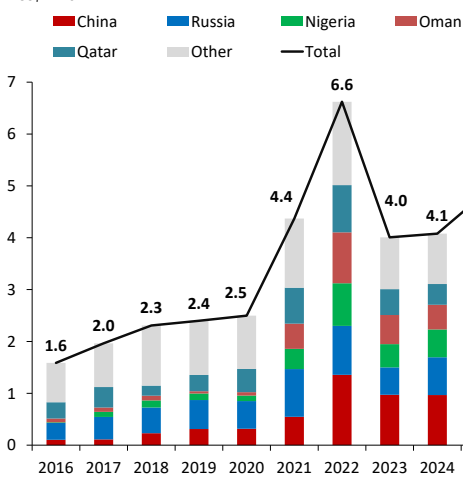
In addition to the main origins shown in the chart, other important suppliers include the United States, Israel, Oman, Egypt, and Qatar. Therefore, multiple supply sources may be directly or indirectly affected by the conflict. For Brazil, the impact may be even more pronounced: in 2025, Middle Eastern countries accounted for around 35% of Brazil's urea imports, 25% of MAP (monoammonium phosphate), and 10% of potassium chloride (KCl).

Export restrictions by China also represent a significant constraint. In 2025, Brazil imported approximately USD 444 million in phosphate fertilizers from China (around 10% of the annual total) and about USD 1.4 billion in nitrogen fertilizers (approximately 28% of the annual total). In addition to China, countries facing supply constraints—such as Russia (16%), Oman (14%), and Qatar (10%)—were among Brazil's largest nitrogen fertilizer suppliers in 2025.

In the case of phosphates, the main origins of Brazilian imports of fertilizers in 2025 were Morocco (28%), Russia (23%), Saudi Arabia (15%), China (10%), Egypt (10%) and Israel. On the other hand, in potash case, the main sources of Brazil's fertilizer imports in 2025 were Russia (45%), Canada (38%), Israel (7%), as well as Germany, Turkmenistan and Jordan.

Brazilian imports of Chemical Fertilizer - Nitrogen

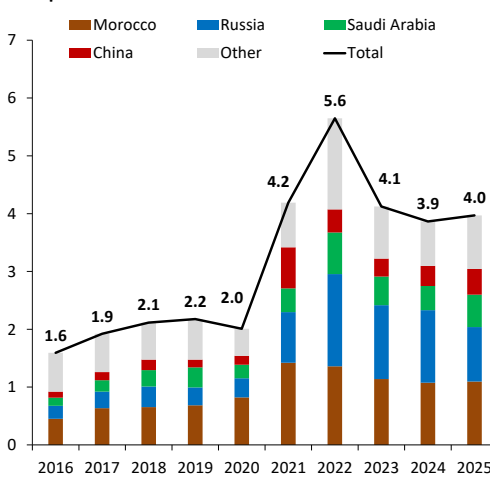
- US\$ Billion



Source: SECEX/MDIC

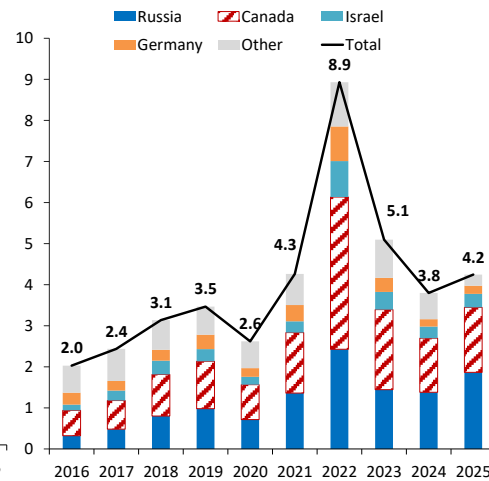
Brazilian imports of Chemical Fertilizer - Phosphate

- US\$ Billion



Brazilian imports of Chemical Fertilizer - Potash

- US\$ Billion



Tariffs over Fertilizers imports in Brazil

Brazil's imports of chemical fertilizers and soil nutrients totaled US\$ 15.6 billion in 2025, spanning 40 HS codes, with relatively low average tariffs (simple average of 2.1% and weighted average of 3.3%). Nitrogen fertilizers (US\$ 4.8 billion) show moderate tariff dispersion, with a higher weighted average (4.4%) driven by concentration—63% of imports are concentrated in a single HS code under a 5% tariff. Phosphate fertilizers (US\$ 3.9 billion) exhibit higher tariff rates (weighted average 5.0%) and strong trade concentration, with 90% of imports concentrated in just three HS codes, including 52% in one code. Potash fertilizers (US\$ 4.2 billion) stand out for near-zero protection (weighted average 0.0%), with 97% of imports concentrated in a single HS code, reflecting extreme reliance on a narrow import base. Other chemical fertilizers (US\$ 2.6 billion) display slightly higher tariff levels (weighted average 4.0%) and notable concentration patterns, with 71% of imports in one HS code.

Category	Chemical Fertilizers and Soil Nutrients	Nitrogen Fertilizers (N)			Phosphate Fertilizers (P)			Potash Fertilizers (K)			Other Chemical Fertilizers				
		Total	0% Tariff	4% Tariff	5% Tariff	Total	0% Tariff	5% Tariff	Total	0% Tariff	5% Tariff	Total	0% Tariff	4% Tariff	5% Tariff
No. of HS Codes	40	10	6	2	5	15	9	6	6	5	1	9	2	5	2
Simple Avg Tariff	2.1	1.8				2			0.8			3.3			
Weighted Avg Tariff	3.3	4.4				5			0			4.0			
Brazil Imports USD (2025)	15.6	4.8	0.5	1.3	3	3.9	0.3	3.7	4.2	4.2	0	2.6	0.003	1.9	0.6
Trade Concentration				26% in one HS code	63% in one HS code			52% one / 90% three HS codes		97% in one HS code				71% in one HS code	22% in one HS code

Source: MDIC

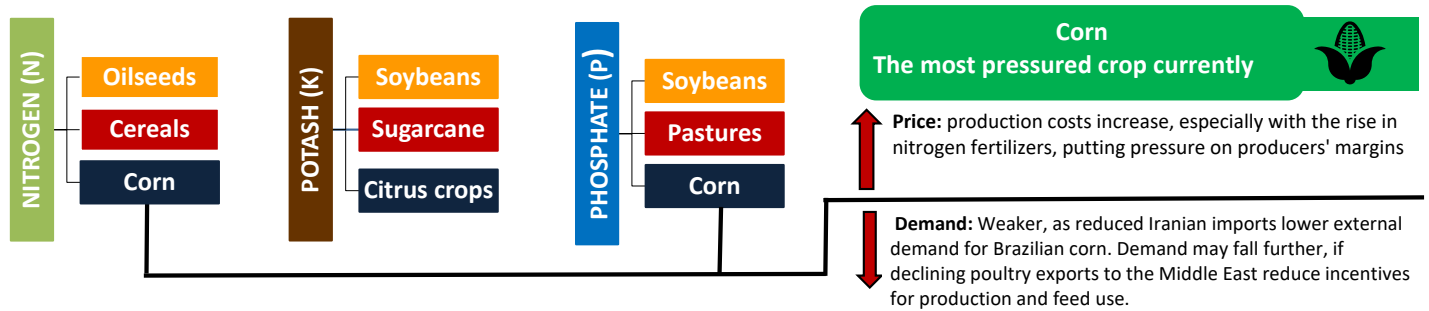
Fertilizer Consumption

China (24%), India (15%), Brazil (10%) and the USA (10%) account for almost 60% of the global consumption of nitrogen, phosphate and potash fertilizers. However, Brazil is the country with the greatest sensitivity, if considering its reduced national production relative to consumption. According to the IFA (*International Fertilizer Association*), in the period 2014 to 2023, while the global consumption of fertilizers increased by 0.8% per year, in Brazil the expansion was 3.8% per year. The higher growth in Brazilian demand is justified by factors such as conversions of degraded pastures into agricultural areas, growth of integrated systems and second harvest in the country. Soybean, corn and sugarcane crops concentrated more than 73% of the demand for fertilizers in Brazil.

For Brazil, the impacts may fall more acutely than on its competitors in the global food and agricultural commodities market. Due to its high external dependence and the growing competition for inputs with the energy transition chain, especially ammonia, phosphate and sulfur. The situation is even more sensitive because the problem is not limited to the final imported product. The national industry also depends on critical raw materials, such as sulfur and natural gas under competitive conditions, to make domestic production viable. Without competitive gas, there is no economically sustainable production of ammonia and nitrogen fertilizers. Without competitive sulfur, the production of phosphate fertilizers also loses viability.

Effects of the current shock on Brazilian Agriculture

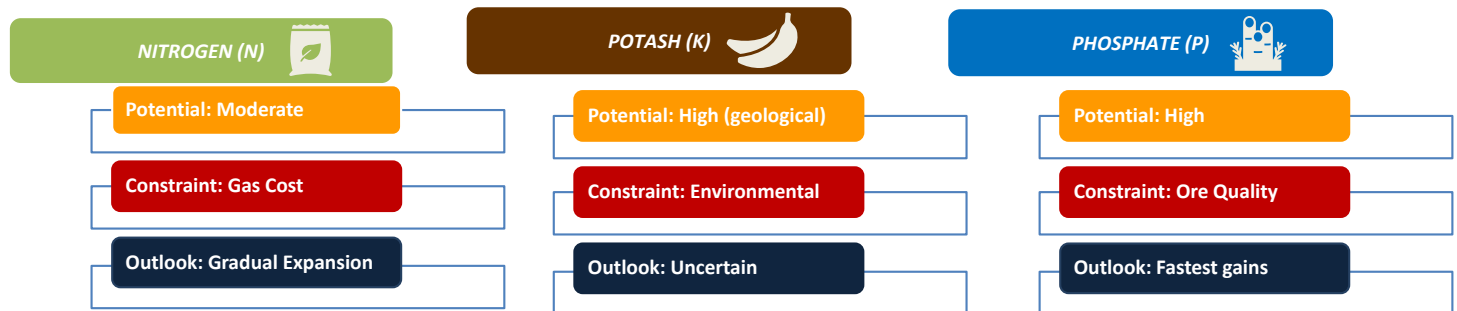
Brazil faces rising risks of fertilizer shortages and price increases, which may compromise the 2026/2027 harvest through higher production costs, delivery delays, and potential input unavailability. Fertilizers, typically 20–30% of crop costs, can rise to around 40% during external shocks, intensifying pressure on producers' margins, especially for corn, which is highly dependent on nitrogen and simultaneously affected by weaker external demand (e.g., reduced purchases from Iran). This combination creates a risk of domestic oversupply and declining prices for corn. Additionally, slower fertilizer purchases in 2026—driven by lower agricultural prices, high indebtedness, and uncertainty linked to geopolitical tensions and climate risks (e.g., El Niño)—increase the likelihood of delayed or costlier input acquisition, reinforcing uncertainty for the upcoming planting cycle.



Alternatives to mitigate the current fertilizer shock

National fertilizer production (current context and expansion potential)

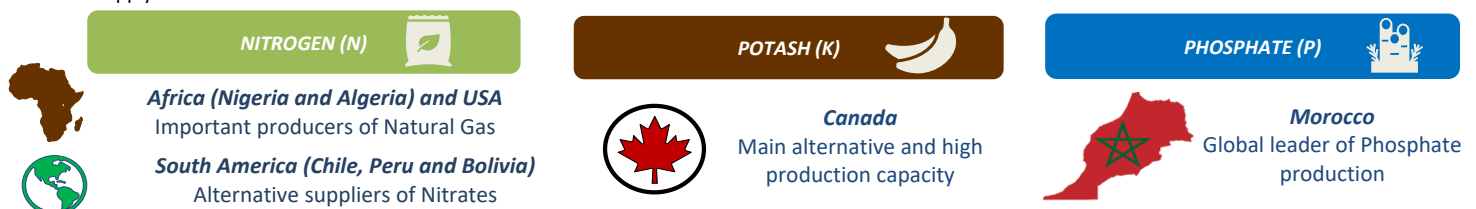
Brazil's fertilizer production reached 7.22 million tons in 2025 (+2.5% YoY), covering only 15% of domestic demand, which keeps the country highly dependent on imports. The National Fertilizer Plan aims to reduce this dependence to 50% by 2050, but expansion requires complex, long-term investments - around US\$ 25 billion to reach 19.6 million tons by 2030. Among nutrients, phosphates offer the strongest short- to medium-term potential due to domestic reserves, while nitrogen expansion is constrained by high natural gas costs, and potash faces environmental and logistical barriers. Alternative solutions - such as biofertilizers, biological nitrogen fixation, and precision agriculture - can partially offset import dependence. Overall, Brazil is unlikely to achieve self-sufficiency in the medium term, but gradual reduction in external dependence is expected, with heterogeneous progress across nutrients.



In general, the main obstacles to national production include high costs, limited infrastructure, regulatory obstacles, and lack of integration of the production chain. On the other hand, recent industrial policies (such as the plans by Petrobras to activate four nitrogen plants and one sulfur plant in the coming years), the need for security of supply, and the continued growth of agriculture act as positive vectors for the progress of the sector. Hence, although Brazil has relevant potential to expand its fertilizer production, especially phosphates, self-sufficiency is unlikely in the medium term. The most realistic trend is the gradual reduction of external dependence, with faster advances in some nutrients than in others.

Diversification of supply source from abroad

Brazil's heavy reliance on fertilizer imports—particularly from Russia and China (around 45%)—creates significant exposure to geopolitical risks, trade disruptions, and price volatility. Diversifying suppliers is therefore a key short-term strategy, with countries like Canada (potash), Morocco (phosphates), and the United States playing a central role due to their scale and reliability. In parallel, emerging suppliers—especially in Africa (Nigeria and Algeria for nitrogen) and regional partners in South America (Chile, Bolivia and Peru as alternative suppliers of nitrates and phosphates) - offer medium-to long-term opportunities to broaden supply sources. Overall, the strategy combines immediate diversification toward established producers with gradual expansion of partnerships and strengthening of regional and domestic supply resilience.





Brazil's support measures under the context of Middle East conflict

First round of Provisional Measures under the context of Middle East conflict

Provisional Measure 12340 – March 12, 2026

The federal government implemented a comprehensive policy package to mitigate fuel price pressures, ensure supply security, and stabilize key economic sectors. Key measures included temporary exemptions of federal taxes (PIS/Cofins) on diesel and subsidies for producers and importers, resulting in a reduction of R\$0.64 per liter, with an estimated fiscal cost of R\$5 billion over two months. To enhance fiscal revenues from oil exports - benefiting from the windfall generated by an unexpected surge in prices - the government introduced a 12% export tax on crude oil. To prevent arbitrage and speculative transactions, a 50% export tax on diesel was also introduced, alongside the creation of a monitoring unit within the Ministry of Mines and Energy. Regulatory oversight was also strengthened through expanded inspection powers for the National Petroleum, Natural Gas and Biofuels Agency (ANP), improved tax data integration, and enhanced coordination with competition authorities, enabling the National Consumer Secretariat (SENACON) to engage the Council for Economic Defense (CADE) in cases of potential anticompetitive behavior. At the state level, efforts focused on real-time sharing of invoice data and stricter monitoring of persistent state tax (ICMS) debtors in the fuel sector.

Price Relief (Federal)		
Measure	Impact	Cost and Time
Zero PIS/Cofins on diesel	 0.32	R\$ 3.3 Billion in 2 months
Subsidy to producers and importers	 0.32	R\$ 1.6 Billion in 2 months
Total impact	0.64	R\$ 5 Billion in 2 months

Source: Presidency of the Republic of Brazil



Supply Security (Federal)

- I) Export taxes: crude oil (12%) & diesel (50%) to favor domestic supply
- II) MME monitoring unit to manage supply risks



Market Oversight (Federal)

- I) Expanded ANP inspection powers + tax data sharing
- II) Senacon can trigger CADE investigations (anti-competitive behavior)



State-Level Actions

- I) Integration of state tax systems with ANP (real-time invoice sharing)
- II) Monitoring of persistent ICMS tax debtors (fuel sector)

In addition, mechanisms were implemented to smooth the volatility of fuel prices, strengthen enforcement against abusive practices and introduce criminal penalties (imprisonment from 2 to 5 years) for cases of abusive prices.



Price smoothing mechanism for fuel price volatility



Stronger enforcement against **price gouging**



New criminal penalty

2–5 years imprisonment for **abusive pricing**

Provisional Measure No/1343 (March 19, 2026) : Road Freight Pricing



CIOT blocking: No code issued for below-floor contracts → prevents irregular freight



Automatic updates: Every 6 months or when diesel varies more than 5%.



Enhanced enforcement: Tech-based monitoring of compliance



Freight structure: Based on cargo type, distance, axles, loading costs

Source: Presidency of the Republic of Brazil

Second round of Provisional Measures under the context of Middle East conflict

Provisional Measure 1349 – April 07, 2026

The government implemented targeted diesel market interventions, subsidizing both imports and domestic production to ensure supply and lower prices. Imports receive a total subsidy of R\$ 1.84/liter (costing approximately R\$ 4 billion over two months), conditional on increased supply and full pass-through to consumers, with participation of almost all states. Domestic production is subsidized at R\$ 1.44/liter (costing around R\$ 6 billion), requiring producers to expand output and transfer cost reductions to final prices.

	Import Subsidy	Domestic Production Subsidy	Other (Biodiesel and LPG)
Subsidy format	Federal + State Subsidy = R\$1.20 per liter R\$0.60 funded by the federal government R\$0.60 funded by participating states Applies in addition to existing R\$ 0.32/liter federal subsidy R\$ 0.32 PIS/Cofins exemption (March 12 measure)	Subsidy R\$ 1.44 per liter New subsidy: R\$0.80 per liter Added to existing R\$0.32/liter federal subsidy R\$ 0.32 PIS/Cofins exemption in March 12	Biodiesel: PIS/COFINS exemption on biodiesel blend with 15% biodiesel content LPG import subsidy: R\$850/ton LPG domestic subsidy: R\$ 10 per cylinder
Estimated Cost	R\$4 billion total \$2 billion (federal) R\$2 billion (states + Federal District)	R\$6 billion for 2 months	LPG import: R\$330 million LPG domestic: R\$ 300 million
Condition for importers	Must increase supply to distributors Must pass the subsidy through to final consumer prices	Must increase volumes sold to distributors Must ensure price reductions reach consumers	LPG: align import prices with domestic prices
Duration	2 months (extendable for 2 months)		

Aviation Sector - Credit lines: up to R\$9 billion total



Up to R\$2.5 billion per firm (restructuring, backed by National Civil Aviation Fund)

R\$ 1 billion for working capital (rules to be defined by National Monetary Council)

Jet fuel: PIS/Cofins exemption of R\$ 0.07/liter reduction.
 Cost: around R\$ 60 million in 2 months

Brazil Soberano Program: revision to include sectors affected by the Middle East conflict

In April 16th, 2026, the measures that were originally created to mitigate the effects of tariffs in August 2025 (“Brasil Soberano” plan) were revised, directing R\$ 15 billion to cover not only sectors that are still being targeted by high tariffs (e.g. Section 232 goods), but also from sectors negatively affected by the Middle East conflict. In the case of exporters and suppliers affected by Section 232 of U.S. trade law, as well as those exporting to the Persian Gulf, eligible firms are those for which exports to these destinations and products accounted for at least 5% of total revenue over a 12-month period.

Eligible sectors listed in the joint ordinance include: machinery, equipment and the automotive sector; chemical and pharmaceutical products; electronics and IT equipment; aeronautics and other transport equipment; electrical machinery, generators and industrial equipment; rubber and industrial plastics; textiles and associated processing chains; critical minerals and rare earths. Fertilizers are also included. So national producers of fertilizers, that supply inputs to agricultural exports to the Middle East, are also eligible for support.

In this program, resources may be used for: working capital; acquisition of capital goods or investments to adapt productive activities; investments to expand productive capacity or deepen production chains; and investment in technological innovation or in the adaptation of products, services, and processes.

Proposal to increase the ethanol blend in gasoline

The Ministry of Mines and Energy announced that Brazil will consider raising the mandatory ethanol blend in gasoline from 30% to 32% (E32) at the upcoming meeting of the National Energy Policy Council in May 7th. The measure aims to strengthen energy sovereignty and could reduce gasoline imports by about 500 million liters per month, potentially allowing the country to reach self-sufficiency in gasoline under normal conditions. The proposal is based on prior technical tests confirming its feasibility and would initially be temporary, with a duration of 180 days, but it can be extended if deemed appropriate.

The policy is supported by strong growth in ethanol production, with output expected to increase by around 4 billion liters alongside a robust sugarcane harvest. Beyond cutting imports, the initiative is expected to improve fuel logistics and aligns with broader efforts such as the Future Fuel Law to expand renewable energy use, generate economic activity, and enhance resilience to global energy market volatility.

Compensatory effects and initiatives

There is a number of compensatory effects and initiatives that will ensure the fiscal neutrality of the mitigation measures. The compensatory effects include the increase in revenues resulting from the increase in oil prices, via income tax on companies in the sector, royalties and government participation, in addition to expected revenues from oil auctions in 2026. Among the compensatory initiatives, the institution of taxes on the exports of crude oil (12%) and diesel (50%), which also contribute to prioritizing domestic supply. Moreover, the increase in the tax on cigarettes, with the rate rising from 2.25% to 3.5% and the minimum price from R\$ 6.50 to R\$ 7.50, might generate additional revenue estimated at about R\$ 1.2 billion in two months.

SECRETARIAT OF INTERNATIONAL AFFAIRS
brazilmacromonitor@fazenda.gov.br

Secretary for International Affairs
MATHIAS ALENCASTRO

Undersecretary for Macroeconomic Monitoring and Trade Policies
JULIA BRAGA

Technical Team
ALESSANDRO CARVALHO BARROS
ARTHUR ROCHA XAVIER
CRISTIANO BOAVENTURA DUARTE
PRISCILLA BELLE OLIVEIRA PINTO
RAFAEL QUIRINO SANTOS



Ministry of Finance

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