FGV EUROPE | 10 YEARS

FGV EUROPE BRIEF

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FGV Europe Brief follows what is decided in Brussels, in European capitals and in Brasília, and what those decisions mean in terms of trade and investment between the EU and Brazil. We cut through the noise to focus on what matters: what was decided, what changed, and what it means for EU–Brazil business.

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Executive Summary

This issue reports on ten developments in EU–Brazil trade, regulation and investment. The European Union suspended imports of several Brazilian animal products, introduced new steel import quotas, and continues implementing the Carbon Border Adjustment Mechanism and the Deforestation Regulation, both with deadlines before the end of 2027. Investors from France, Italy, Japan and the United States announced new commitments in Brazilian critical minerals, and Brazil's Senate approved a national critical minerals law. Brazilian crude oil exports to Europe rose over the past year, and the European Central Bank confirmed an early-stage study on linking its payment system with Brazil's Pix.

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BRUSSELS

1 EU Suspends Brazilian Animal Products From 3 September

AGRICULTURE

On **3 September** Brazil ceased to be authorised to export six categories of animal products to the European Union: bovine, equine, poultry, aquaculture products, honey and casings. The measure is **Commission Implementing Regulation (EU) 2026/1189**, adopted on 4 June and published in the Official Journal the following day.

Regulation 2026/1189 created a new list — **Annex XVIa** of Implementing Regulation (EU) 2021/405 — covering guarantees on antimicrobial use. Brazil's entries were deleted from that annex alone. Its entries in **Annex -I**, which lists countries with approved control plans for pharmacologically active substances, pesticides and contaminants, remain in force. Brazil's residue controls are therefore unaffected; what it lacks is the separate antimicrobial listing. Because both are required, the six categories cannot enter the EU until the second is restored.

The underlying rule. Article 118 of Regulation (EU) 2019/6 prohibits the use, in animals or animal products exported to the EU, of antimicrobials given to promote growth or increase yield, and of antimicrobials reserved for treating infections in humans. Delegated Regulation (EU) 2023/905 sets out how a third country demonstrates compliance and empowers the Commission to remove a country when the conditions are no longer met. Recital 17 of Regulation 2026/1189 gives the reason for the deletion: the Commission had not received information guaranteeing that the necessary measures would be in place by 3 September. Member states approved the revised list on **12 May 2026**, in the Controls and Import Conditions section of the Standing Committee on Plants, Animals, Food and Feed.

The volumes. Brazil was the **second-largest supplier of beef** to the Union in 2025, behind the United Kingdom, at more than **92,000 tonnes** of fresh and frozen bovine meat worth over **€713 million** (AFP). Poultry shipments rose about **73%** year on year in the first seven months of 2026, to roughly **226,000 tonnes** — close to the volume Brazil sent the EU across the whole of 2025 (Secex; ABPA).

The audit has concluded. A Commission mission covering poultry and honey — not beef — began on 24 August and closed on the morning of **4 September**, having visited production establishments and official bodies. The Ministry of Agriculture and Livestock said the same day that the European teams considered Brazil's sanitary controls and official procedures satisfactory for both chains. Minister **André de Paula** said the controls had been approved for Brazilian poultry and honey, and that what remained was the procedural stage, which he expected to move quickly. **The Commission has not confirmed that assessment.** Its spokespersons have said only that the experts need time to draw their conclusions, that a report will follow in the weeks ahead, and that exports will be able to resume once compliance has been demonstrated. Audit reports are sent first in draft to the country audited and pass through its comments before publication, a sequence that has taken months in previous cases.

How Brazil returns to the list. Restoration is not automatic and does not follow directly from a favourable audit. The Commission must draft an amending act, and member states must approve it by qualified majority in the same committee that voted on 12 May. On the Commission's provisional calendar of 21 August, that section meets four more times in 2026: **17–18 September, 20–21 October, 16–17 November and 8–9 December**. The present measure gives a sense of the interval once a committee has acted: opinion on 12 May, adoption on 4 June, publication on 5 June. Chief Commission spokesperson **Paula Pinho** said on 1 September that the Commission trusts Brazil to resolve the matter so that imports can resume as quickly as possible; the Commission has separately declined to give a timeline (Agence Europe).

Beef follows a different timetable. For cattle, the guarantees must cover the whole life of the animal, which ties the schedule to the production cycle rather than to administrative steps. Brazil's private protocol for antimicrobial-free cattle was homologated by the Ministry of Agriculture on **29 May**, so animals raised entirely under it will reach slaughter in roughly two years. **André Bartocci**, who chairs Brazil's Beef Sector Chamber, has said Europe will not resume beef purchases before **2028**. That estimate is his and follows from the cattle cycle; the Commission has said only that resumption will depend on the animals' production cycles, and has set no date. On the same assumption, Brazilian press estimates put the cost to cattle slaughterhouses alone at about US$2 billion (Valor Econômico).

Brasília's position. In a joint note of **3 September**, the Ministry of Agriculture and the Ministry of Foreign Affairs recorded the government's deep concern at the measure and its objection to the absence of prior dialogue before its adoption. The note states that the affected products are covered by quotas and tariff reductions under the Mercosur-EU agreement, and that prolonged exclusion could alter the balance of concessions on which that agreement was concluded. Brazil reserves the right to resort to reciprocity measures under domestic law, to the mechanisms of the Mercosur-EU agreement and to the multilateral trading system, should negotiations not yield a timely solution. No such step has been taken. Separately, on 2 September the CNA farm confederation asked the Ministry of Foreign Affairs to activate the Mercosur mechanism for rebalancing concessions.

2 EU Tightens Steel Imports, Brazilian Slabs Stay Outside

IRON AND STEEL

Since **1 July**, the EU has capped duty-free steel imports at **18.35 million tonnes** a year across 26 product categories, with a **50% duty above quota** — 47% below the 2024 safeguard volumes and double the previous out-of-quota rate. Unlike the safeguard it replaced, **Regulation (EU) 2026/1384** has no fixed expiry date.

Brazilian slabs are the notable exception. Semi-finished steel under **CN 7207** is outside the regime, whose product list starts at CN 7208. Brazil shipped about **1.02 million tonnes** of slabs to the EU in the first half of 2026, nearly four times the volume a year earlier (Comex Stat, via Fastmarkets). Those shipments face neither the quota nor the 50% duty, although they remain within the scope of CBAM.

Where Brazil is covered, access is more limited. The current allocation gives Brazil **170,051 tonnes** in hot-rolled sheets and strips, against **642,295 tonnes for Türkiye** and **597,274 tonnes for India**, with smaller allocations in cold-rolled products, merchant bars and seamless tubes. Brazil is treated as an **FTA partner** for quota purposes, following provisional application of the EU-Mercosur interim agreement in May.

Traceability tightens from **1 October**, when importers must declare where their steel was melted and poured, evidenced by a Mill Test Certificate. Meanwhile Brussels and Brasília remain in talks under **Article XXVIII of the GATT** over the tariff concessions the new regime affects. Brazil said in July that no compensation had been agreed and that a unilateral quota system could not itself constitute compensation.

3 Brazil's Steel Exposure Runs Through CBAM, Not Quotas

IRON AND STEEL

> *One paragraph below is provisional, pending Parliament's vote at the 14–17 September plenary.*

The EU's Carbon Border Adjustment Mechanism entered its definitive phase on **1 January 2026**. Importers of iron and steel, aluminium, fertilisers, cement, hydrogen and electricity must now account for the emissions embedded in what they bring in. Certificate sales open on **1 February 2027**; the first annual declaration and surrender falls on **30 September 2027**, at a price that has tracked just above €75 through the first half of 2026.

For Brazil the mechanism is narrow but concentrated. Goods within CBAM's scope are a small share of Brazilian exports to the EU, but **iron and steel make up close to nine-tenths of that basket**. The National Confederation of Industry puts the value of in-scope Brazilian exports to the EU at **more than US$3 billion**, on 2023 trade data, almost all of it iron and steel. The link to the entry above is direct: Brazilian slabs sit outside the EU's tariff quotas but inside CBAM. One distinction matters commercially — iron ore is a precursor rather than a declarable good, so ore feeding a European mill carries no certificate cost of its own; the obligation arises at the first transformed product.

[Provisional] CBAM presently stops at basic materials. A steel bar carries a certificate cost; a bolt made from that bar does not. The Commission proposed closing that gap on 17 December 2025, extending the mechanism to downstream steel and aluminium goods from **1 January 2028**. The Council agreed its position on 12 June and Parliament's environment committee adopted its own on 6 July, widening the product list considerably. The plenary is expected to set Parliament's negotiating mandate at the September session, after which the three institutions enter trilogue.

Two questions are open on the Brazilian side. The first is whether Brazil's **lower-carbon steel route** translates into a lower bill. Charcoal-based production and a largely renewable grid reduce measured emissions on some methodologies, but CBAM prices direct and process emissions for steel, which limits how far the clean grid can help — and demonstrating any advantage requires verified installation-level data rather than corporate inventories. The second is **deductibility**. Article 9 allows a carbon price effectively paid at origin to be set against CBAM liability, but Brazil's emissions trading system, created by Law 15.042/2024, is still being built: a consultation on the monitoring timetable closed on 28 August, proposing phased entry from 2027, with allocation and trading not expected before the end of the decade. **No deduction is available today**, and the Commission has recognised no third-country system to date.

Brazil has raised CBAM repeatedly at the World Trade Organization as a specific trade concern but has not brought a dispute. At **COP30 in Belém**, the final decision recorded for the first time in such a text that measures to combat climate change, including unilateral ones, should not become arbitrary discrimination or a disguised restriction on trade. CBAM is not named in it.

4 EU Puts Critical Minerals At Centre Of Brazil Investment Push

RARE EARTHS

During his Global Gateway mission to Brazil from **19 to 24 June**, EU Commissioner for International Partnerships **Jozef Síkela** placed critical raw materials at the centre of the EU-Brazil investment agenda. In Minas Gerais he visited **Viridis Mining and Minerals' Colossus** rare-earth project, one of four priority projects selected under the EU-Brazil Critical Raw Materials Task Force. The framing matches Brasília's own objective of moving beyond raw-material exports towards processing capacity, technology transfer and higher-value industrial chains.

Colossus is already developing a European commercial link: Viridis and Belgium's **Solvay** have signed a non-binding letter of intent for Brazilian rare-earth feedstock to supply Solvay's La Rochelle plant in France, alongside cooperation on processing and separation technology. The EU is also examining Brazilian nickel and lithium projects, and Síkela indicated plans to advance a broader memorandum with the Brazilian government, with details still under negotiation. **Brazil is not yet among the countries with which the Commission has signed such a memorandum** — a list that now includes the United States, since April, while Brazil remains in the category the Commission calls "additional relations."

EUROPEAN CAPITALS

5 Paris · French Capital Buys Into Brazilian Rare Earths

RARE EARTHS

Carester is building the Caremag heavy rare earth separation plant at Lacq, in southwest France, on **€216 million** of financing — €106 million from the French state, €110 million from Japanese partners JOGMEC and Iwatani. It targets **600 tonnes a year** of dysprosium and terbium oxide, roughly 15% of current world output, with start-up due by end-2026. In July, **USA Rare Earth** and the French fund **InfraVia** signed definitive agreements for stakes of about 13.6% each. USA Rare Earth is separately acquiring Serra Verde's Pela Ema mine at Minaçu, Goiás, announced 20 April at around **US$2.8 billion**; shareholders approved it on 28 August.

The institutional layer arrived the same month. On **26 August** in Belo Horizonte, during the Exposibram mining congress, the **France-Brazil Chamber of Commerce** launched a Mining Commission chaired by **Philippe Dozolme** of DNA Blast, with Eramet, SNEF and Systra as founding members — a standing bilateral channel between French industry and the Brazilian mining sector, created as the commercial relationships above were being signed.

6 Rome · Italy Turns EU-Mercosur Deal Into Brazil Business Push

AGRICULTURE MACHINERY PHARMACEUTICALS DIGITAL ENERGY TRANSITION

Emanuele Orsini, president of Confindustria, Italy's main employers' federation, led **more than 90 Italian companies** to Argentina and Brazil from **7 to 11 September**, in a mission organised with the Italian Trade Agency. The priority sectors were food and agriculture, machinery and plant engineering, pharmaceuticals and medical technology, digital, and energy transition and infrastructure.

Brazil is much the larger of the two markets. Italian exports reached **€5.8 billion** in 2025, and around **1,400 Italian-invested companies** operate in the country, employing some 150,000 people and generating €42 billion in revenues. Confindustria puts untapped Italian export potential across Brazil and Argentina at more than **€1 billion** already, with a further **€6 billion** over the longer term as the EU-Mercosur framework reduces tariffs and opens public procurement.

BRASÍLIA

7 Brazil Approves Critical Minerals Law, Awaits Signature

RARE EARTHS

Brazil's Senate passed the critical minerals bill on **2 September**. It goes to the President for signature, then into a regulation phase that will set the operating detail. The Senate changed only the wording, not the substance, so the bill does not return to the Chamber of Deputies, which passed it in May.

The package is worth up to **R$7 billion, about €1.2 billion**. **R$2 billion** seeds a new guarantee fund, **FGAM** — privately structured with the federal government as shareholder — to reduce the risk on exploration, mining and processing projects so they can raise finance. The remaining **R$5 billion** goes to processing and transformation carried out on Brazilian soil. Mining companies contribute too: for six years, 0.2% of gross operating revenue to the fund and 0.3% to research and development.

A new council reporting to the Presidency, **Cimce**, decides who benefits. It defines which minerals count as critical or strategic, names priority projects, and clears companies for the incentives; only projects in a new national registry can access the money. Cimce must also **approve sensitive transactions** — changes of company control, mineral supply contracts and transfers of mining rights — and how that approval works in practice is left to the regulation phase. Brazil holds the world's second-largest declared rare earth reserves, behind China.

8 Brazilian Crude Gains Ground In Europe

OIL & GAS

European imports of Brazilian and Guyanese crude are up about **135,000 barrels a day** year on year, to roughly **1 million b/d**, while West African imports fell by around 115,000 b/d over the same period (Argus). The pricing explains it: **Búzios**, Brazil's flagship pre-salt grade, has averaged **US$5.50 a barrel** below Nigeria's Forcados delivered into northwest Europe over the past year.

The strategic point sits behind the trade data. Petrobras chief executive **Magda Chambriard** says pre-salt output has made **crude Brazil's largest export product** — a reordering of the country's export base with consequences well beyond the oil sector. Petrobras has also opened a new front: on **14 August** it reported hydrocarbons at the Morpho well in the **Foz do Amazonas** basin off Amapá, and Chambriard confirmed the find on 17 August alongside President Lula at the rig, while stating plainly that it is **not yet a commercial discovery**. She tied it to replacing reserves ahead of the pre-salt production peak Petrobras expects in the mid-2030s.

9 Brazil's Agricultural Platform And The European Deforestation Rules

AGRICULTURE

Since January 2025 Brazil has operated a government platform for verifying agricultural production, created by **Portaria MAPA nº 745** of 20 December 2024 and coordinated by the Ministry of Agriculture. It draws on government databases to verify automatically whether registered rural establishments are in order on environmental, land-tenure and labour requirements, and private certification schemes can be integrated alongside. Producers request the service themselves, and under Brazil's data protection law the decision to share the resulting information rests with the producer. The instrument is framed around conformity with Brazilian legislation.

The European deadline. Under Regulation (EU) 2023/1115, as amended by Regulation (EU) 2025/2650, obligations apply from **30 December 2026** for large and medium operators and traders, and from **30 June 2027** for other micro and small operators. Brazil is classified **standard risk**, setting checks at 3% of operators against 1% for low risk and 9% for high risk. The obligation falls on the European operator, who must file a due diligence statement identifying the origin of the goods, including the **geolocation of the plots of land**, and establishing that no deforestation occurred after 31 December 2020.

A wider role is in preparation. According to Valor Econômico, the Chamber of Foreign Trade is to establish the platform as the government mechanism attesting that Brazilian exporters meet the European requirements, by a resolution carrying the endorsement of the Vice-President. Producers would generate, free of charge, a socio-environmental report that European operators could draw on in their own due diligence — an attestation by the Brazilian government as a whole rather than by the Ministry of Agriculture alone. Fourteen ministries worked on the system, with the soy, beef, coffee, palm oil and cocoa associations consulted. A technical delegation is expected in Rome, Hamburg, Rotterdam and Brussels in the second half of September, with a public presentation in Brasília in early November.

One scope change of direct Brazilian interest is adopted but not yet in force. A Commission delegated act of **13 July 2026** removes **cattle hides, skins and leather** from the regulation's product annex — a change that reaches Brazil directly as one of the world's largest exporters of bovine hides. The reasoning is that the leather chain diverges from the meat chain and that hides carry low value within cattle production, leaving European operators limited leverage to obtain the required information. The act enters into force the day after publication in the Official Journal, which had not occurred as of 5 September, and the Commission states that leather will be reconsidered in the general review foreseen for 2030.

10 ECB Studies Link Between TIPS And Brazil's Pix

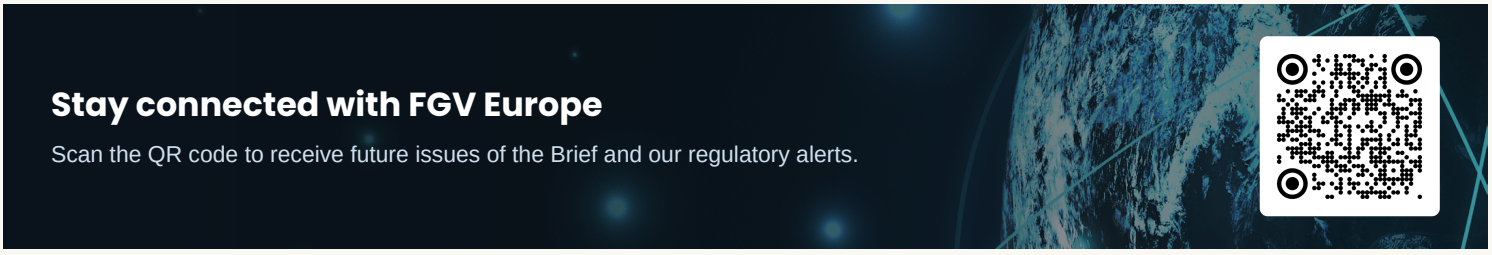
FINANCIAL SERVICES

The European Central Bank is running a **pre-investigation study** into connecting its instant payment platform, **TIPS**, to Brazil's **Pix**. The ECB confirmed the study to Folha de S.Paulo and to Reuters on 3 September.

Pix is Brazil's instant payment system, launched by the central bank in November 2020 and operated by it. Participation is mandatory for institutions holding more than 500,000 active accounts, transfers are free for individuals and settle in seconds, and payments run from any bank or app through a single key. Adoption has been unusually fast: about **179 million users** at the end of 2025, **79.8 billion transactions** during the year, and **R$35.36 trillion** moved, up 33.6%. Pix passed both debit and credit cards by transaction count in early 2023, and in 2024 carried more transactions than cards, boletos, TED and cheques combined.

In an ECB status presentation to its TIPS Consultative Group on **10 June**, Pix appears alongside India's UPI, the Nexus hub and Switzerland's SIC-IP as corridors under consideration. The Pix row shows a pre-investigation study running from June 2025 to September 2026; the exploration and realisation phases are both marked as **not started**. The Indian corridor is furthest along, with a pilot go-live planned for the first half of 2027. A Pix corridor would fall under the ECB's third phase, technical links with fast payment systems outside the euro area, scheduled from 2027. That distinction matters commercially: the real is not hosted on TIPS, so currency conversion would sit with commercial banks rather than inside either central bank. **The rails would become instant; the foreign exchange leg would not become free.**

The Banco Central do Brasil set out its thinking in the Relatório de Gestão do Pix, published **10 August**, stating that it is assessing interconnection with instant payment systems in other jurisdictions, both bilateral and through multilateral hubs. **The report does not name TIPS or the ECB**; the only external system it names is the Bank for International Settlements' Nexus. The central bank declined to comment when the story was reported. Brazilian press reporting has gone further than either institution, describing a pilot in 2028 and a visit by Banco Central officials to Frankfurt in October; neither central bank has confirmed those points. The pre-investigation phase ends this month, and the consultative group next meets on 20 October in Frankfurt.



Euro equivalents are indicative, converted at the rate prevailing at the time of publication (€1 = R$5.95, 5 September 2026).

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