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FGV EUROPE REGULATORY BRIEF

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FGV Europe Regulatory 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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BRUSSELS

1 Brazil Poultry Audit Reaches EU Committee

AGRICULTURE

Brief 1 explained the measure in full: since **3 September**, Brazil has not been authorised to export six categories of animal products to the EU (bovine, equine, poultry, aquaculture, honey and casings) under Implementing Regulation (EU) 2026/1189, and re-listing follows a set procedure. Here is what has changed since.

The audit report is out. The Commission's report on poultry and honey, **CT-2026-0202**, was published on **28 September**. It concludes that Brazil's legal framework, procedures, inspector training and official controls can deliver the guarantees EU law requires, and makes **no recommendations**. Fosfomycin is not prohibited for poultry in Brazil, so compliance rests on segregating the production line destined for the EU; a weakness in premixtures was corrected while the audit was still under way. Beef was not covered.

The committee meeting. The Standing Committee on Plants, Animals, Food and Feed (Controls and Import Conditions) met on **20 and 21 October**. Its agenda listed the audit findings as an information item; no draft act to restore Brazil to the list was tabled for a vote. In a statement on 21 October, reported by Reuters, the Commission said it had presented the audit findings to the committee, described them as positive, and confirmed its intention to propose re-listing Brazil for poultry meat and honey. According to Reuters, member states are expected to vote at the committee's next meeting. Re-listing still requires a Commission draft amending Annex XVIa of Regulation (EU) 2021/405 and a qualified-majority opinion of the committee. On the Commission's provisional calendar, the committee next meets on **16–17 November** and **8–9 December**.

The political track. On **30 September** in Milwaukee, on the margins of the G20 trade ministers' meeting, **Maroš Šefčovič**, European Commissioner for Trade and Economic Security, met Foreign Minister **Mauro Vieira** and **Márcio Elias Rosa**, Minister of Development, Industry, Trade and Services. According to a joint note issued the same day by Brazil's Ministry of Foreign Affairs and Ministry of Development, Industry, Trade and Services, the EU side referred to the positive audit outcome and expected that exports of poultry meat and honey could resume in the short term once procedures are completed. On **17 October** in Paris, after meetings in Brussels, **Augusto Billi**, Secretary for Trade and International Relations at Brazil's Ministry of Agriculture and Livestock, said Brazil expected the decision to be taken in November and re-listing for poultry meat and honey to follow in December.

2 Brazilian Beef Faces Longer Path to Relisting

AGRICULTURE

Beef follows the same legal procedure as poultry, but the guarantees must cover the whole life of the animal, as the Commission has stated, which sets a different timeline. On **28 September**, **Eric Thévenard**, Director for Health and Food Audits and Analysis at the Commission's Directorate-General for Health and Food Safety (**DG SANTE**), told the European Parliament's Agriculture Committee that, as the time between birth and slaughter is about two years, Brazilian beef should not be expected in the EU for about two years, in theory. He added that the Commission did not intend to audit beef controls while no trade could take place. He was answering Irish MEP **Ciaran Mullooly**, who also raised oestradiol. In the Milwaukee note, the Brazilian side expressed the expectation that an accelerated authorisation procedure could also be achieved for beef. In its 21 October statement, the Commission said Brazil is not yet able to reliably certify compliance with the lifetime requirements for bovine products and that it does not currently intend to propose re-listing them.

The suspension also reaches the **Hilton quota** for high-quality beef. According to the Brazilian Beef Exporters Association (**ABIEC**), Brazil's allocation for the July 2026 to June 2027 quota year is 10,000 tonnes: 8,951 for the EU and 1,049 for the United Kingdom, which remains open to Brazilian beef. Exporters shipped **6,767 tonnes** to the EU in July and August, about three-quarters of the EU volume. ABIEC estimates that more than 2,000 tonnes will not be shipped, worth more than **US$22 million (€19.6 million)** in sales this quota year. In a worst-case scenario, it puts the shortfall for 2027/28 at more than **US$97 million (€86.5 million)**, based on 8,900 tonnes at an average of US$11,000 (€9,800) a tonne. The five companies accredited for the current quota year are **JBS, MBRF, Minerva, Barra Mansa and Frigorífico Silva**. Under the EU–Mercosur agreement, which has applied provisionally since 1 May, the 20% in-quota duty on Mercosur's Hilton volumes no longer applies.

3 CBAM Price Rises as Trilogues Open

⚠ EARLY ALERT! IRON AND STEEL

On **5 October**, the Commission's Directorate-General for Taxation and Customs Union published the CBAM certificate price for the third quarter of 2026: **€82.32**, against €75.28 in the second quarter and €75.36 in the first. The fourth-quarter price is due on **4 January 2027**; weekly pricing replaces quarterly pricing from 2027.

What it means for Brazil. The third-quarter price applies to emissions embedded in goods imported into the EU between July and September, including Brazil's iron and steel, which account for almost all of Brazil's CBAM exposure. As reported in Brief 1, the National Confederation of Industry (**CNI**) puts in-scope Brazilian exports to the EU at more than **US$3 billion (€2.7 billion)** on 2023 data, practically all iron and steel, and Brazilian semi-finished slabs sit outside the EU's steel quotas but inside CBAM. EU importers buy the certificates for 2026 imports from **February 2027**. No deduction for a carbon price paid in Brazil is yet available, as Brazil's emissions trading system under Law 15.042/2024 is still being built.

(Early Alert) The Extension: Negotiations have begun on extending CBAM from 1 January 2028 to downstream goods made from steel and aluminium, such as screws, bolts, wire and tubes. For Brazil, this would carry the mechanism beyond basic iron and steel into goods produced from them. The Commission proposed about 180 product types, the Council's general approach of 12 June about 200 and the Parliament's position of 15 September 457. The first political trilogue was scheduled for **20 October** in Strasbourg; its outcome had not been made public at the time of writing. Ahead of the meeting, 20 European industry associations, including EUROFER and EUROMETAL, and industriAll European Trade Union issued a joint statement calling for the broadest possible downstream extension, citing sectors from construction and machinery to packaging and home appliances (EUROMETAL).

4 Council Backs Near-Zero Residues for Banned Pesticides

⚠ EARLY ALERT! AGRICULTURE

On **30 September**, under the Irish Presidency, the Council of the EU adopted its negotiating mandate on the remaining part of the **"Omnibus X"** food and feed safety package. For residues in imported food and feed, of plant or animal origin, of pesticides that can no longer be used in the EU because of particularly hazardous properties (carcinogenicity, reproductive toxicity, endocrine disruption or long-term environmental harm), the Council keeps the principle of lowering maximum residue levels to **technical zero** after a prior impact assessment. It **extends** the principle to substances whose conditions of use pose unacceptable risks to honeybees or groundwater, and allows transitional periods for products that met the previous limits. Talks with the Parliament begin once it adopts its position; the Presidency aims for a provisional agreement by the **end of 2026**.

(Early Alert) Why Brazil is exposed: A study by the Commission's Joint Research Centre (**JRC**) identifies **18** of the most hazardous substances not approved in the EU whose residue limits are above the technical minimum, affecting **235 commodities** from **86 exporting countries**. According to the JRC, Brazil accounts for nearly half of EU soybean imports. Residues of four of the 18 substances were detected in Brazilian soybeans and soybean meal, and three of them are authorised for use on soybeans in Brazil. In the scenario where producers do not adapt, the JRC models a **95%** fall (591,000 tonnes) in Brazilian soybean shipments to the EU; Brazil's total soybean exports remain almost unchanged in all scenarios. For the fungicide cyproconazole, EU-approved alternatives exist but could raise production costs by 20–40%. The JRC stresses that its study is not an impact assessment and that its results bound plausible outcomes rather than predict them.

EUROPEAN CAPITALS

5 Paris · London · Lisbon · European Majors Set Out Brazil Plans

OIL & GAS

ROG.e 2026, the conference formerly known as Rio Oil & Gas, organised by the Brazilian Petroleum, Gas and Biofuels Institute (**IBP**), took place at Riocentro in Rio de Janeiro from **21 to 24 September**. Petrobras Chief Executive **Magda Chambriard** opened the conference. It followed Petrobras's announcement on **14 August** of hydrocarbons at the **Morpho** well, in block FZA-M-59 in the Foz do Amazonas basin, about 175 km off Amapá in 2,886 metres of water. On 2 October Petrobras reported a second discovery in a deeper interval of the same well. Chambriard has said three further wells will be drilled to delimit the find and that it is not yet a commercial discovery.

TotalEnergies (France). Chairman and Chief Executive **Patrick Pouyanné**, in Rio for the conference, told Valor Econômico in September that the group has invested **US$12 billion (€10.7 billion)** in Brazil over ten years across oil, gas and power, averaging about US$1 billion (€890 million) a year, and produces around **200,000 barrels of oil equivalent per day** from nine units in the Campos and Santos basins. He added that Brazil generated the group's largest cash flow in 2025. TotalEnergies intends to raise its stake in the **Casa dos Ventos** renewables joint venture from 34% to 49%; agreements to that effect were signed on 31 August and await clearance by Brazil's competition authority, CADE. It previously held non-operated stakes in five Foz do Amazonas blocks, transferred to Petrobras in 2020, and is following developments there. At the **7 October** auction, according to results published by the National Agency of Petroleum, Natural Gas and Biofuels (**ANP**), a consortium of TotalEnergies (50%, operator) and QatarEnergy (50%) bid for five Campos basin blocks, all awarded to higher bids from Petrobras.

bp (United Kingdom). Gordon Birrell, Executive Vice-President for Upstream, said at the conference that bp aims to make Brazil one of its five largest oil and gas markets. Two pre-salt assets in the Santos basin anchor the plan: **Bumerangue**, which bp holds in full and where it announced its largest discovery in 25 years in August 2025, and **Tupinambá**, where on 2 September bp agreed terms for **Shell** to take 50%. bp remains operator; completion is subject to regulatory approval. Birrell did not rule out looking at the Equatorial Margin and did not disclose investment figures.

Galp (Portugal). Galp Brasil Chief Executive **Paula Pereira da Silva** told Valor Econômico that Galp reached a record **160,000 barrels of oil equivalent per day** in September and expects an average of 130,000 for 2026, driven by the **Bacalhau** field, which started production in October 2025 and is operated by Equinor (40%) with ExxonMobil (40%) and Galp (20%, through Petrogal Brasil). Galp holds four blocks in the Barreirinhas basin, on the Equatorial Margin, with Petrobras and Shell, and three in the Pelotas basin. Co-Chief Executive **João Marques da Silva** said Galp has invested **US$8 billion (€7.1 billion)** in Brazil over the past decade and plans at least US$1.5 billion (€1.3 billion) to 2030. At the 7 October auction, **Equinor (70%, operator) and Galp (30%)** won the Rodocrosita pre-salt block, adjacent to Bacalhau, offering 15.52% profit oil to the Union; the result awaits the ANP's formal homologation.

BRASÍLIA

6 Brazil's Exports to the EU Up 20%

TRADE

According to data released on **6 October** by the Foreign Trade Secretariat of the Ministry of Development, Industry, Trade and Services (**Secex/MDIC**):

- September 2026: exports to the EU rose **60.1%** year on year to **US$6.95 billion (€6.2 billion)**; imports from the EU fell 8.7% to US$4.06 billion (€3.6 billion).
- January to September 2026: exports rose **20%** to **US$44.15 billion (€39.4 billion)**; imports rose 0.8% to US$38.05 billion (€33.9 billion), leaving a surplus of US$6.10 billion (€5.4 billion).

At an event at the Ministry of Agriculture on **13 October**, Minister **Márcio Elias Rosa** said exports to the EU grew **30.7%** between May and September 2026 compared with the same months of 2025; the EU–Mercosur agreement has applied provisionally since May. Presenting the September 2026 data, **Herlon Brandão**, MDIC's Director of Foreign Trade Statistics and Studies, said the agreement's effect was probably growing month by month but could not yet be measured precisely, given the short period, and that some products with reduced tariffs had grown.

7 Amazon and Cerrado Deforestation at Record Lows

ENVIRONMENT

On **16 October**, Brazil's National Institute for Space Research (**INPE**) published the annual PRODES deforestation rates for **1 August 2025 to 31 July 2026**, presented at the Palácio do Planalto in Brasília with ministers including Environment and Climate Change Minister **João Paulo Capobianco** and Agriculture Minister **André de Paula**.

- **Legal Amazon: 3,335 km²**, down **41.8%** from 5,731 km² in the previous period — the lowest rate since the series began in 1988 (previous low: 4,571 km² in 2012). The Amazon figure is an estimate based on priority satellite images; the consolidated rate is published in the first half of the following year.
- **Cerrado: 5,516.69 km²**, down **23.8%** from 7,235.27 km² — the lowest since the series began in 2001 (previous low: 6,319 km² in 2019). The Cerrado figure is consolidated. Maranhão, Tocantins, Piauí and Bahia (the Matopiba region) accounted for 74.3% of the total.

PRODES records all clearing of native vegetation, whether authorised or not, and in the Cerrado includes savanna and grassland formations.

The EU dimension. Under the EU Deforestation Regulation, which applies to large and medium operators from **30 December 2026**, cattle, cocoa, coffee, oil palm, rubber, soya and wood placed on the EU market must not come from land subject to deforestation after **31 December 2020** and must be produced in line with the laws of the country of production. The regulation defines deforestation as the conversion of forest to agricultural use, so its scope does not coincide with the PRODES series, which also covers non-forest vegetation in the Cerrado. In the Commission's country benchmarking, Brazil is classified as **standard risk**.

8 Mercosur Beef Quota Split Still Under Negotiation

AGRICULTURE

The EU–Mercosur agreement opens a joint beef quota of **99,000 tonnes** carcass weight, 55% chilled and 45% frozen, at a **7.5%** in-quota duty, phased in over six annual stages. 2026 is year zero, with 11,000 tonnes pro rata for eight months; the quota rises to 33,000 tonnes in 2027, 49,500 in 2028, 66,000 in 2029, 82,500 in 2030 and the full volume in **2031**.

The four members have not agreed how to share it. A meeting of Mercosur foreign ministers, convened in Montevideo on **2 September** by Uruguay's pro tempore presidency, ended without agreement. **Paraguay** has proposed an equal 25% share for each member. **ABIEC** is negotiating a sector proposal with its counterparts, including **INAC** in Uruguay and **ABC** in Argentina, under which allocations would reflect production capacity and export record, with larger chilled shares for Argentina and Uruguay and larger frozen shares for Brazil and Paraguay. A sector consensus would go to the **Foro Mercosul da Carne** and then to governments. According to Mercosur, the closing meetings of Uruguay's pro tempore presidency are scheduled in Montevideo from **2 to 4 December**.

9 Critical Minerals Projects Reach R$39.4 Billion

RARE EARTHS

The investment pipeline. Brazil's ten largest critical minerals projects total **R$39.4 billion (€7.0 billion)** in planned investment, according to data from the Ministry of Mines and Energy and the companies involved, compiled by O Globo. The largest are:

- **Autazes** (Potássio do Brasil, potash, Amazonas): R$12.4 billion (€2.2 billion), for 2.4 million tonnes a year of potassium chloride; mining-lease application filed with the National Mining Agency.
- **Piauí Níquel** (Brazilian Nickel, nickel and cobalt): R$6.7 billion (€1.2 billion).
- **Serra Verde** (USA Rare Earth, rare earths, Goiás): R$5.5 billion (€980 million).
- **Novas Minas** (Mineração Rio do Norte, bauxite and alumina, Pará): R$5 billion (€890 million).
- **Onça Puma** (Vale, nickel, Pará): R$2.6 billion (€460 million).
- **Colossus** (Viridis, rare earths, Minas Gerais): R$2.3 billion (€410 million).

The policy framework. Brief 1 reported the signing on 16 September of **Law No. 15.506/2026**. The law sets out a **Mining Activity Guarantee Fund (FGAM)**, in which the Union may hold up to **R$2 billion (€355 million)** subject to the fund's statute being approved by the new national council, **Cimce**; tax credits for processing and transformation in Brazil until 31 December 2034; a low-carbon mineral certificate; and a national register of projects. Cimce was installed by **Decree No. 13.118/2026**, signed alongside the law, which sets out the council's structure and functioning; according to Poder360, the council had not yet held its first meeting as of 8 October.

The European link. On **8 September**, the development bank **BNDES** approved **R$77.5 million (€13.8 million)** under its Mais Inovação programme for the rare earths research and processing centre in Poços de Caldas, the first stage of Colossus. As Brief 1 reported, Colossus is one of four priority projects under the EU–Brazil Critical Raw Materials Task Force, and Viridis has a non-binding letter of intent to supply Solvay's plant at La Rochelle in France.

10 Brazil's Oilseed Crushing Capacity Rises 13.1%

AGRICULTURE BIOFUELS

Brazil's oilseed crushing capacity reached **86.4 million tonnes a year** in 2026, up **13.1%**, according to the annual survey of the Brazilian Vegetable Oil Industry Association (**Abiove**), released on **6 October**, driven by demand for soybean meal and for oil used in biodiesel. The number of crushing companies rose from 75 to 89 and active plants from 131 to 148. The Centre-West holds 42.9% of capacity, with **Mato Grosso** alone at 21.6%. Abiove expects a record crush of 63.5 million tonnes in 2026 and counts planned investments of **R$7.65 billion (€1.36 billion)** that would add about 7.4 million tonnes a year of capacity.

The EU dimension. In Brazil, the Fuel of the Future Law (Law 14.993/2024) raises the biodiesel blend towards 20% by 2030 and requires airlines to cut emissions on domestic flights through sustainable aviation fuel from 2027, starting at 1% and rising to 10% in 2037. In the EU, the ReFuelEU Aviation Regulation requires sustainable fuels to make up 2% of aviation fuel at EU airports from 2025, 6% in 2030 and 70% in 2050. The EU–Mercosur agreement opens an ethanol quota of 450,000 tonnes duty-free for chemical uses and 200,000 tonnes at reduced duty for other uses, including fuel, phased in over six annual stages. Soybeans and soybean meal also fall under the EU Deforestation Regulation (see item 7), which applies to large and medium operators from **30 December 2026**.

END OF REPORT

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