



Trending Sectors - What to expect for 2017

November 30, 2016

2016

- The ending year has been the most turbulent period of the Brazilian modern history since 1992
- It has been marked by the most profound economic crisis in the country's history – mainly generated by rapidly increasing public expenses
- It culminated in the impeachment of president Rousseff, which was based on the occurrence of a responsibility crime, duly processed by the Federal Senate

2016

- On August 31, Michel Temer was confirmed as president of Brazil for the rest of Rousseff's mandate – until December 31, 2018
- The relevant ministries were immediately restructured, replacing the ministers for renowned experts, who designed and proposed several reforms
- Most reforms are currently under scrutiny by the Legislative Power

2017

- **Main constitutional reforms under analysis:**
 - **Establishment of a limit to public expenses**
 - **New rules for the social security system**
 - **New rules applicable to employment relationships**
 - **Major tax reform**

PPI (*Programa de Parceria de Investimentos*)

- In addition to the material reforms under discussion, the new government enacted the Law No. 13,334/16, which established fundamental guidelines for investors in infrastructure projects, such as: long term planning, structuring projects, self-sufficient regulatory agencies, legal security, adequate return rate, stable rules, contracts compliance, environmental predictability, realistic fees, adequate financing conditions, balanced risk allocation, guarantees and insurance.

2017 - Trending Sectors

- The goal is to promote private investments and economic growth by modernizing the regulatory framework related to infrastructure in the following sectors:
 - Energy;
 - Oil & Gas;
 - Basic sanitation; and
 - Transportation (airports, roads, railroads and ports).

2017 - Effective resolutions under discussion

- New auctions for concession of public services and assets
- Launching projects already licensed (to a certain extent) from an environmental perspective
- Revision of the local content rules, especially in the Oil & Gas sector
- Revision of the mandatory participation of Petrobrás as operator and owner of 30% equity in pre-salt oil blocks



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