

PROFERT: Regulatory framework that is reorienting Brazil's fertilizer and bio-input industry

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The following responses were prepared based on Bill PL 699/2023, the Regulatory Brief from Auro Ruschel Advogados Associados, and the executive analysis of the substitute bill approved by the Chamber of Deputies on May 27, 2026. The responses are provided by Mauro Brant Heringer, Director of Institutional and Government Relations at EKO Life Sciences (Co-founder) and Director of International Relations at ABINBIO (Brazilian Association of Bio-input Industries).



PROFERT is more than a fertilizer policy—it is Brazil's most ambitious effort to reduce its strategic dependence on imported agricultural inputs and build a domestic production ecosystem. The real headline lies in the legislation's unprecedented elevation of bio-inputs, biofertilizers and remineralizers from niche sustainability solutions to core pillars of national industrial policy. By combining mandatory domestic blending targets, tax incentives, financing mechanisms and innovation funding, the programme creates both a guaranteed market and long-term investment certainty for the biologicals sector. **As Mauro Brant Heringer explains, the question is no longer whether Brazil's bio-input industry will scale, but which companies will be best positioned to capitalize on what could become one of the most transformative regulatory shifts in global agriculture.**

Why does the creation of the Fertilizer Industry Development Program (PROFERT) mark a strategic moment for the sector?

PROFERT represents the most structurally ambitious legislative response ever formulated to address Brazilian agribusiness's chronic vulnerability: external dependence on **85 per cent** of the fertilizers consumed in the country. This unilateral exposure to geopolitical, currency, and logistical shocks — exacerbated by conflicts in Eastern Europe and the Middle East — had always been addressed through ad hoc tax suspension measures.

What makes **PROFERT** strategic is the paradigm shift: Bill **PL 699/2023** replaces the reactive model of tax relief on levies that will be phased out by the Tax Reform (PIS/Cofins, IPI) with an active industrial policy anchored in five complementary instruments:

Mandatory blending requirement — creates a captive market with compulsory minimum percentages of domestic inputs (2 per cent as of July 2027, scaling to 10-30 per cent by 2037);

Structural tax credit — up to 20 per cent of production costs, with a total capacity of **BRL 10 billion** over five years;

Fund for the Stimulation of National Fertilizer Production (FPNF) — guarantees, margin-protection contracts (contracts for difference) and R&D funding;

BNDES credit lines — dedicated reimbursable financing for plant construction, expansion, and modernization;

AFRMM exemption — logistics cost relief for approved projects.

For the first time, the bio-input sector is placed at the center of Brazil's industrial policy, while conventional chemical fertilizers and pesticides have been expressly excluded from the program. The explicit target is to reduce external dependence to **45 per cent by 2050**. This is the most significant regulatory milestone for the sector since the Bio-Inputs Law.

What is the significance of Bill PL 699/2023 (PROFERT) officially including bio-inputs, biofertilizers, and remineralizers within its incentive scope?

This inclusion is the most consequential feature of the approved text and represents a regulatory paradigm shift. Before **PROFERT**, bio-inputs were treated as a positive externality within the fertilizer legal framework — at best, a marginal mention in policies centered on chemical inputs. Bill **PL 699/2023** inverts this logic: bio-inputs, biofertilizers, and remineralizers are explicitly named in Articles 1 and 2 of the substitute bill as core beneficiaries of the policy, while conventional chemical pesticides were excluded.

Three strategic implications follow:

Clear regulatory signaling — the Brazilian state is directing **BRL 10 billion** in subsidies toward the bio-based industry, guiding private investment, R&D, and market positioning with legal and economic predictability.

Compulsory and growing market — the mandatory domestic blending requirement (2 per cent in 2027, 10-30 per cent by 2037) creates captive demand that is independent of economic cycles or purchasing preferences. Major distributors, cooperatives, and trading companies will be required to purchase domestic bio-inputs. The discussion shifts from "whether" to "from whom."

Structural competitive advantage — the program's **mandatory socio-environmental counterpart commitments** (GHG reduction, energy efficiency, local development) are intrinsic attributes of bio-inputs. While conventional producers will need to adapt their operations to qualify, the bio-input industry is already eligible by nature. The program does not require the biological sector to change — it rewards what the sector already is.

How can industry companies benefit from the new project through tax credits, financing, and the valorization of domestic production?

PROFERT structures five financial mechanisms that operate in a combined and cumulative manner:

Structural Tax Credit: a credit of up to 20 per cent of expenditures on domestic production, calculated via **CSLL** (Social Contribution on Net Profit), with an aggregate cap of **BRL 2 billion per year** (BRL 10 billion over the program's horizon). Access is competitive: companies must submit an approved project to **MAPA** (Ministry of Agriculture and Livestock) and compete within the annual limit.

Fund for the Stimulation of National Fertilizer Production (FPNF): a public accounting fund offering three support modalities: (i) guarantees for investment projects, reducing the cost of capital; (ii) margin-protection contracts (contracts for difference) against international price volatility; (iii) non-reimbursable resources for R&D.

BNDES Financing: dedicated credit lines for the construction, reactivation, expansion, and modernization of industrial plants, with differentiated terms and interest rates for projects qualified under **PROFERT**.

AFRMM Exemption: relief from the Additional Freight Charge for Merchant Marine Renewal on imported inputs and equipment for approved projects, capped at **BRL 200 million per year** between 2027 and 2031.

Emergency Transition Credit: **BRL 1 billion** already available for the 2026 fiscal year, with a submission window between October and December 2026, to mitigate immediate costs before the regular program takes effect.

Mandatory compliance requirements for companies: *Lucro Real* (actual-profit tax regime) is an eligibility condition — companies under *Simples Nacional* are expressly barred; prior accreditation with **MAPA** is mandatory and should begin by August/September 2026; socio-environmental counterpart commitments — GHG mitigation, energy efficiency, and community engagement — are eligibility prerequisites, not mere recommendations.

How has ABINBIO been acting in Brasília to monitor and strengthen the progress of PROFERT?

ABINBIO — the Brazilian Association of Bio-Input Industries — has played a systematic technical-legislative advocacy role since its founding. Even before its official launch, the association had already held approximately 100 meetings in Brasília, with agendas that included: the Vice Presidency of the Republic; the Chief of Staff Office and the Secretariat of Institutional Relations of the Presidency; strategic ministries including Agriculture (**MAPA**), Science and Technology (**MCTI**), Industrial Development (**MDIC**), and Agrarian Development (**MDA**); the National Congress — leaders from all party affiliations; and regulatory agencies and oversight bodies.

Within the specific scope of **PROFERT**, **ABINBIO** participated as an invited speaker at a public hearing before the Industry, Commerce, and Services Commission (**CICS**) of the Chamber of Deputies — an institutional milestone, as it was the first time the association occupied that space in the National Congress to debate the policy for incentivizing Brazil's fertilizer and bio-input industry.

The work is led by President **Marcelo de Godoy**, Technical Director **Artur Soares Jr.**, and Legal Director **Auro Ruschel**, with strategic advisory support from **Consillium RIG**, represented by directors Enrico Ribeiro and Thiago Queiroz.

Beyond **PROFERT**, **ABINBIO** has already achieved significant regulatory victories, including the exclusion of provisions that would have authorized precarious *on farm* production in Bill **PL 1459/2022** (the Pesticides Bill), and the creation of the Strategic Bio-Input Council as a consultative body. More recently, the association joined the National Bio-Input Export Committee of **ApexBrasil**, positioning the sector on the international agenda as well.

The work does not end with the Chamber's approval — **ABINBIO** maintains active monitoring of the bill's progress in the Senate, where it has returned for final review of the amendments introduced by Deputy Júnior Ferrari's substitute text.

What future results do you project for the bio-input sector with this new incentive policy?

The projections rest on three pillars: regulatory scaling, market dynamics, and Brazil's geopolitical positioning.

Short term (2027-2029): the mandatory 2 per cent domestic blending requirement as of July 2027 already represents a minimum market estimated in the hundreds of millions of reais for domestic bio-inputs. Companies accredited ahead of competitors will capture quota contracts with distributors and cooperatives, establishing preferential positioning that consolidates during this phase. The **BRL 1 billion** emergency credit (2026) serves as upfront capital for this structuring.

Medium term (2030-2033): the mandatory percentage scales to the 10-30 per cent range, with the bio-input industry already having expanded installed capacity through **BNDES** financing and **FPNF** access for R&D. At this stage, we project: (a) consolidation of domestic suppliers as dominant players in the captive market; (b) measurable reduction in external dependence; (c) attraction of foreign direct investment for bio-input plants in Brazil.

Long term (2034-2037): with the quota stabilized at 10-30 per cent, the Brazilian bio-input sector will be consolidated as a global reference in biological technologies for tropical agriculture. We project: export of model and technology — Brazil's regulatory framework will serve as a benchmark for other countries; a pull effect across the entire value chain — research laboratories, specialized logistics providers, biological process engineering; and measurable decarbonization of Brazilian agriculture — with direct impact on the pricing of green commodities in the international market.

The hard data: Brazil went from 8 companies with registered biological products in 2014 to 53 in 2024. With **PROFERT**, this growth vector gains not only acceleration, but structural predictability. The question for the market is not whether the sector will grow — it is who will be positioned when the adoption curve reaches the compulsory threshold.

(This document was prepared based on Bill PL 699/2023 (Chamber of Deputies Substitute Bill, 05/27/2026), the Regulatory Brief from Auro Ruschel Advogados Associados, and technical sector analysis. The opinions expressed herein reflect ABINBIO's institutional position).