

APPENDIX 2 TO ANNEX XV

BRAZIL – SCHEDULE OF SPECIFIC COMMITMENTS

This Schedule of Specific Commitments is elaborated on the basis of a positive list approach and based on the International Standard Industrial Classification of all Economic Activities as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 4/Rev. 4 (ISIC Rev 4), and covers only non-services sectors and/or activities.

Where no reference is made for a specific sector or sub-sector, it should be interpreted that Brazil is not taking any commitments for that specific sector or sub-sector.

The first column of the schedule identifies the sector or sub-sector in which a commitment is undertaken by Brazil. Limitations on national treatment are described in the second column, where other descriptions, related to either market access or non-discriminatory formalities and requirements, are also included, for the sake of transparency.

Sector or Sub-Sector	Limitations on National Treatment
I. HORIZONTAL COMMITMENTS	
ALL SECTORS	Types of juridical persons Foreign investors wishing to conduct investment activities as a juridical person in Brazil shall adopt one of the types of juridical person in accordance with Brazil's domestic laws and regulations.
ALL SECTORS	Border areas In border strips (areas within 150 km from national boundaries) and in some areas (the Amazon Basin, the <i>Mata Atlântica</i>, the <i>Serra do Mar</i> and the <i>Pantanal</i> of Mato Grosso), authorisation is required for some activities, including the following: (a) establishment and exploitation of industrial plants of particular interest for national security; (b) establishment and operation of companies involved in the prospecting, extraction and exploitation of mineral resources and in the supply of hydraulic energy; and (c) establishment of companies involved in rural settlement. In the aforementioned cases, the respective companies must fulfill the following requirements, among others: 51% of the company's capital must be of Brazilian nationals; management must be by Brazilian nationals, who should be the majority. In case such activities are carried out by only one individual, only Brazilian nationals may be granted special authorisation.
ALL SECTORS	Indigenous areas Brazil reserves the right to adopt or maintain any measure regarding investment in indigenous lands.
ALL SECTORS	Land acquisition The acquisition or lease of rural property or the acquisition of any other real estate right over rural property by foreign natural persons, foreign juridical persons or Brazilian juridical persons with foreign participation is subject to specific conditions, limitations and authorisation established under Brazil's domestic laws and regulations. Unless otherwise provided under Brazil's domestic laws and regulations, the donation of real estate of the union or

	of the states to foreigners, whether natural or juridical persons, is forbidden.
ALL SECTORS	Regional development Brazil reserves the right to adopt or maintain any measure aimed at reducing regional inequalities, promoting equitable access to development opportunities across regions in its territory, as well as ensuring social inclusion and rural development.
ALL SECTORS	Subsidies This Schedule of Specific Commitments shall not be construed as imposing any obligation regarding subsidies or grants provided by Brazil, including loans, guarantees and insurance.
ALL SECTORS	Registration of foreign capital Foreign capital in Brazil must be registered, under a declaratory and electronic procedure, with the Central Bank of Brazil.
II. SECTOR-SPECIFIC COMMITMENTS	
A. AGRICULTURE, FORESTRY AND FISHING	
<u>Crop and animal production, hunting and related service activities</u> (ISIC Rev 4:01)	None
<u>Forestry and logging</u> (ISIC Rev 4:02)	None
<u>Fishing and aquaculture</u> (ISIC Rev 4:03)	None, except that foreign flagged vessels can only operate in commercial fishing in Brazil (including in its Economic Exclusive Zone) if chartered by juridical persons established in Brazil and granted a governmental authorisation. Fish, fishing products and fishing byproducts of Brazilian vessels or foreign vessels chartered by juridical persons established in Brazil have Brazilian origin.
B. MINING AND QUARRYING	
<u>Mining of coal and lignite</u>	For transparency purposes, mineral deposits, whether or not mined, and other mineral resources and hydraulic

(ISIC Rev 4:05)	power potentials belong to the Brazilian state, and the concessionaire owns the product of the mining. Prospecting and exploitation of mineral resources may only be carried out under authorisation or concession by the Brazilian government, by Brazilian nationals or a company organised under Brazil's domestic laws and regulations and having its headquarters and administration in the country.
<u>Extraction of crude petroleum and natural gas</u> (ISIC Rev 4:06)	For transparency purposes, prospecting and exploitation of oil deposits, natural gas, and other fluid hydrocarbons are state monopolies that may be operated, under concession or authorisation according to Brazil's domestic laws and regulations, by enterprises organised under Brazil's domestic laws and regulations, with Brazilian headquarters and administration.
<u>Mining of metal ores</u> (ISIC Rev 4:07)	For transparency purposes, mineral deposits, whether or not mined, and other mineral resources and hydraulic power potentials belong to the Brazilian state, and the concessionaire owns the product of the mining. Prospecting and exploitation of mineral resources may only be carried out under authorisation or concession by the Brazilian government, by Brazilian nationals or a company organised under Brazil's domestic laws and regulations and having its headquarters and administration in Brazil.
<u>Other mining and quarrying</u> (ISIC Rev 4:08)	For transparency purposes, mineral deposits, whether or not mined, and other mineral resources and hydraulic power potentials belong to the Brazilian state, and the concessionaire owns the product of the mining. Prospecting and exploitation of mineral resources may only be carried out under authorisation or concession by the Brazilian government, by Brazilian nationals or a company organised under Brazil's domestic laws and regulations having its headquarters and administration in Brazil.
C. MANUFACTURING	
<u>Manufacture of food products</u> (ISIC Rev 4:10)	None
<u>Manufacture of beverages</u> (ISIC Rev 4:11)	None
<u>Manufacture of tobacco products</u>	None

(ISIC Rev 4:12)	
<u>Manufacture of textiles</u> (ISIC Rev 4:13)	None
<u>Manufacture of wearing apparel</u> (ISIC Rev 4:14)	None
<u>Manufacture of leather and related products</u> (ISIC Rev 4:15)	None

<u>Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials</u> (ISIC Rev 4:16)	None
<u>Manufacture of paper and paper products</u> (ISIC Rev 4:17)	None
<u>Printing and reproduction of recorded media</u> (ISIC Rev 4:18)	For transparency purposes, participation of foreigners, or Brazilians who have been naturalized for less than 10 years, in the capital stock of news companies may not exceed thirty percent of the total capital and voting capital of these companies and shall only occur indirectly through a legal entity organised in accordance with Brazil's domestic laws and regulations and with headquarters in the country. Editorial responsibility is reserved to Brazilians born or naturalized for more than ten years. As specified in the cover sheet, commitments herein cover only non-services activities.
<u>Manufacture of coke and refined petroleum products</u> (ISIC Rev 4:19)	For transparency purposes, the refining of Brazilian or foreign oil; the importation and exportation of products and basic byproducts; the sea transportation of crude oil of Brazilian origin or of basic oil byproducts produced in Brazil as well as the transportation by pipeline, the wholesale distribution and retail sale of crude oil, its byproducts and natural gas are State monopolies that may be operated, under concession or authorisation according to Brazil's domestic laws and regulations, by enterprises organised under Brazil's domestic laws and regulations , with Brazilian headquarters and administration.
<u>Manufacture of chemicals and chemical products</u> (ISIC Rev 4:20)	Unbound for enrichment of uranium and thorium ores and production of fuel elements for nuclear reactors (ISIC Rev 4:2011).
<u>Manufacture of pharmaceuticals, medicinal chemical and botanical products</u> (ISIC Rev 4:21)	None

<u>Manufacture of rubber and plastics products</u> (ISIC Rev 4:22)	None
<u>Manufacture of other non-metallic mineral products</u> (ISIC Rev 4:23)	None
<u>Manufacture of basic metals</u> (ISIC Rev 4:24)	None
<u>Manufacture of fabricated metal products, except machinery and equipment</u> (ISIC Rev 4:25)	Unbound for manufacture of nuclear reactors (ISIC Rev 4:2513).
<u>Manufacture of computer, electronic and optical products</u> (ISIC Rev 4:26)	None
<u>Manufacture of electrical equipment</u> (ISIC Rev 4:27)	None
<u>Manufacture of machinery and equipment n.e.c.</u> (ISIC Rev 4:28)	None
<u>Manufacture of motor vehicles, trailers and semi-trailers</u> (ISIC Rev 4:29)	None
<u>Manufacture of other transport equipment</u> (ISIC Rev 4:30)	None

<u>Manufacture of furniture</u> (ISIC Rev 4:31)	None
<u>Other manufacturing</u> (ISIC Rev 4:32)	None
D. ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	
<u>Electric power generation, transmission and distribution</u> (ISIC Rev 4:351)	Electric power distribution: unbound. Electric power generation and transmission: none, except for the harnessing of nuclear power potentials. For transparency purposes, the harnessing of hydraulic power potentials requires authorisation or concession by the Brazilian Government and may only be carried out by Brazilian nationals or a company incorporated under Brazil's domestic laws and regulations.