

MEMORANDUM TO CLIENTS

INFRASTRUCTURE

May 06, 2016

ANP Resolution No. 20/2016

New Resolution consolidates the criteria for neutralizing weight in local content obligations

On May 4, 2016, the Brazilian Petroleum, Natural Gas and Biofuels Agency, (Agência Nacional do Petróleo, Gás Natural e Biocombustíveis – “ANP”), enacted Resolution No. 20/2016 (the “Resolution”), which establishes provisions to allow concessionaires to neutralize the variation of weight for certain local content obligations.

Since the 7th ANP Bid Round, participants must propose certain weight for specific local content items and sub-items, which will finally result in a global local content commitment. However, it is possible that the weight initially proposed for the purposes of the bid end up being different to what is actually achieved by the concessionaire later, when concluding its investment obligations.

In this regard, the Resolution regulates the criteria and provides a mathematical equation in order to allow the neutralization of the variation of each item’s weight with respect to the global local content commitment.

The official text of the Resolution, in Portuguese, can be accessed by [clicking here](#).

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The purpose of this memorandum is to inform our clients about important changes and developments in the area of law. We remain at the reader’s disposal for any additional information that may be desired regarding the subject matter herein.

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