

The Brazil-China Cooperation Fund for the Expansion of Production Capacity (FUND) is a mechanism established by the Secretariat for International Affairs of the Ministry of Planning, Development and Management of the Federative Republic of Brazil (SEAIN) and the China-LAC Industrial Cooperation Investment Fund Co., Ltd. (CLAIFUND) that will classify projects deemed as a priority by the Brazilian government in sectors of infrastructure and that can facilitate the cooperation of industrial capacity between Brazil and China.

About the Cooperation Fund

The organizational structure of the FUND shall be composed of:

- I. Steering Committee
- II. Technical Working Group
- III. Executive Secretariat

The projects will be submitted through Consultation Letters and those being classified as projects deemed as a priority by the Brazilian government in sectors of infrastructure and that can facilitate the cooperation in industrial capacity between Brazil and China will receive a Certificate. In possession of this Certificate, the project proponent may request the financing or investment from the Potential Financiers. The Potential Financiers are Chinese and Brazilian institutions.

Decisions on financing, investments and disbursements for projects with Consultations Letters classified by the Steering Committee shall be made by the Potential Financiers on a project by project basis, in accordance with their

respective internal regulations and procedures, without any interference by the Steering Committee, TWG or the Executive Secretariat.

FREQUENTLY ASKED QUESTIONS

1) What is the Brazil-China Cooperation Fund?

It is a Cooperation mechanism that aims to classify and finance investment projects deemed jointly as a priority by the Brazilian government in sectors of infrastructure and that can facilitate the cooperation of industrial capacity between Brazil and China.

The following sectors are considered as priority for future investment by the FUND:

- a) Logistics and infrastructure;
- b) Energy and mineral resources;
- c) Advanced technology;
- d) Agriculture;
- e) Agribusiness;
- f) Agricultural storage;
- g) Manufacturing;
- h) Digital services; and
- i) Any other sectors of interest to the Brazilian Government;

2) Where should projects be located?

The FUND will exclusively certify projects to be developed in Brazil.

3) What is the difference between the Cooperation Fund and an investment

fund?

The FUND is not an investment fund, it does not constitute a legal entity or a closed condominium. It is a mechanism established by SEAIN and the CLAIFUND that will classify projects deemed as a priority by the Brazilian government in sectors of infrastructure and that can facilitate the cooperation of industrial capacity between Brazil and China. The projects will be submitted through Consultation Letters and those being classified as projects deemed as corresponding to the priorities of the Brazilian government will receive a Certificate. In possession of this Certificate, the project proponent may request the financing or investment from the Potential Financiers. The Potential Financiers are Chinese and Brazilian institutions.

4) How is the process started?

The interested party - which can be a company, consortium, group, financial institution or others - submits a Consultation Letter with basic project data, according to the guidelines indicated on the website:

<http://www.planejamento.gov.br/assuntos/internacionais/fundo-brasil-china>

The Consultation Letter is appreciated by the Technical Group, which submits a proposed classification of Consultation Letters to the Steering Committee for final decision.

The projects classified by the Steering Committee will receive a Certificate to be presented to the Potential Financiers, so that, if the project proponents

choose to, they may request the financing or investment from the Potential Financiers.

5) Who classifies the projects?

The classification of the project will be made by the Steering Committee, composed of three Brazilian deputy ministers (Finance, Planning and General-Secretariat of the Presidency) and three senior Chinese officials, at a corresponding hierarchical level.

6) Does the classification imply the right to receive financing or investment?

No. The process of analysis and classification of projects by the Steering Committee implies only the classification of projects deemed as a priority by the Brazilian government in sectors of infrastructure and that can facilitate the cooperation of industrial capacity between Brazil and China. The decisions by the Potential Financiers will follow their own standards in evaluating classified projects and determining financing or investment conditions. The classification does not imply the right to receive financial contributions.

7) Who are the Potential financiers?

Potential financiers are any Chinese and Brazilian institutions interested in contributing resources to the projects that receive the Certificate.

There will be no indication of potential financiers by the Cooperation Fund.

This will be a choice of the interested party. Public financial institutions, such as Caixa and BNDES, can be considered as potential financiers.

8) Will public funds be used by Potential Brazilian Financiers?

The Cooperation Fund will not require Brazilian public funds. The amount disbursed by the Brazilian Potential Financiers will be considered as Brazilian counterpart.

9) How much money can be disbursed by Potential Financiers?

The FUND will consist of up to USD 20 billion cumulatively on the following pro rata basis:

- a) up to USD 15 billion, to be contributed by Chinese institutions ; and
- b) up to USD 5 billion, to be contributed by Brazilian institutions;

In each case, on a project by project basis, and subject to the classification to be given by the Steering Committee.

10) What are the terms and cost conditions?

The terms of financing or investment will be negotiated between the Potential Financiers and the proposing company, according to the characteristics of each project, and the operational policies of the potential financiers.

More information:

<http://www.planejamento.gov.br/assuntos/internacionais/fundo-brasil-china>