



FMC wins court approval to seize BRL 112 Mn in grain from BelagrÃcola, escalating pressure on Brazilian agribusiness distributor

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FMC Corporation has secured a significant legal victory in Brazil's increasingly fragile agribusiness credit landscape, obtaining court authorization to seize approximately BRL 112 million worth of grain from BelagrÃcola in a move that could reshape creditor dynamics within the country's sprawling agricultural financing ecosystem.

The preliminary injunction, granted amid BelagrÃcola's ongoing attempt to restructure nearly BRL 1.8 billion in liabilities through an out-of-court recovery plan, marks a pivotal escalation in one of the sector's most closely watched restructuring disputes. At the center of the legal confrontation lies a fundamental question with far-reaching implications for Brazil's agricultural economy: whether Rural Product Certificates with physical delivery obligations, known locally as CPRs, can remain enforceable outside restructuring proceedings.

The dispute stems from a barter arrangement under which BelagrÃcola acquired crop protection products from FMC in exchange for the future delivery of approximately 1.4 million soybean bags across the 2026, 2027, and 2028 crop cycles. Structured through a CPR with physical settlement provisions, the agreement reflected a financing mechanism deeply woven into the operational fabric of Brazilian agriculture, where commodity-backed transactions frequently substitute for traditional credit channels.

According to details first reported by Agribiz, BelagrÃcola failed to fulfill its initial contractual obligation involving the delivery of 460,000 soybean bags scheduled for March 20, prompting FMC to initiate legal proceedings aimed at immediate enforcement of the contract.

In a decision now reverberating across Brazil's agribusiness sector, Judge Felipe Guinsani of the 7th Civil Court of Campinas accepted FMC's argument that the CPR instrument in question constitutes an extrajudicial claim or extraconcursal credit and therefore falls outside the scope of judicial restructuring protections ordinarily afforded to distressed companies.

The ruling effectively allowed FMC to bypass the broader recovery framework and pursue direct asset seizure despite Belagr cola's ongoing restructuring efforts in Paran  courts. The injunction was subsequently communicated to the Paran  judiciary overseeing the distributor's recovery proceedings.

While the case remains under judicial seal, the implications have already begun to ripple through agricultural credit markets. FMC declined to comment on active litigation, while Belagr cola stated it would await complete access to the case file before issuing a formal response.

Although the BRL 112 million seizure represents roughly six percent of Belagr cola's total restructuring liabilities, analysts suggest the symbolic significance may far outweigh the immediate financial impact. The injunction raises the prospect that other creditors holding similarly structured CPR-backed claims could seek parallel enforcement actions, potentially weakening the protective perimeter surrounding agribusiness restructurings.

The dispute arrives at a delicate moment for Brazil's agricultural financing chain, where barter-based transactions have become indispensable instruments linking producers, distributors, and multinational input suppliers. These agreements, frequently collateralized through future crop deliveries, have historically functioned as a liquidity bridge in an industry heavily exposed to commodity cycles and volatile credit conditions.

Yet the Belagr cola case now exposes the legal fragility embedded within that model. As judicial interpretations diverge over the classification of CPR obligations during restructuring, creditors and debtors alike face mounting uncertainty regarding enforceability, claim priority, and operational continuity.

For Belagr cola, the injunction compounds an already precarious restructuring process marked by procedural fragmentation and mounting creditor scrutiny. The company recently restructured its recovery filing into separate proceedings after courts rejected attempts to consolidate multiple group entities under a unified framework. Although the distributor succeeded in obtaining a 180-day extension of its stay period theoretically shielding it from creditor enforcement the FMC decision suggests that such protections may not apply universally, particularly where courts recognize claims as extraconcursal in nature.

The broader ramifications extend well beyond a single corporate dispute. Brazil's agribusiness sector, long regarded as one of the pillars of the national economy, is increasingly confronting the consequences of tighter credit markets, margin compression, and commodity price volatility. As financial stress deepens across the supply chain, legal conflicts surrounding claim hierarchy and collateral enforcement are becoming more frequent and increasingly consequential.

For multinational input suppliers such as FMC, the ability to enforce CPR-backed obligations outside restructuring frameworks represents a critical safeguard against escalating counterparty risk. For distributors and producers navigating distressed balance sheets, however, such rulings threaten to complicate restructuring negotiations, constrain liquidity, and potentially accelerate operational instability.

The case may ultimately become a defining precedent in Brazil's evolving agribusiness credit jurisprudence one that tests the delicate balance between creditor protection and corporate recovery in a sector where financing structures are as complex as the harvest cycles they underpin.