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Brazil approves $1.75 billion in subsidies for fertilizer and bioinputs

27 August 2026 | Features | By Leonardo Gottems

Brazilâ??s Profert programme could deliver up to BRL 10 billion in fiscal incentives through 2031, while bringing bioinputs, biofertilizers and remineralizers into the countryâ??s strategy to reduce fertilizer import dependence

Brazil's Senate has approved legislation creating a program that could provide up to BRL 10 billion ($1.75 billion) in fiscal incentives over five years for the construction, expansion and modernization of fertilizer plants. The measure, established through the Fertilizer Industry Development Program (Profert) under Bill PL 699/2023, now goes to President Luiz InÃ¡cio Lula da Silva for final publication. The program is scheduled to operate from 2027 to 2031, with annual fiscal credits capped at BRL 2 billion ($350 million). Unused amounts may be carried over to the following year.

The legislation is designed to reduce Brazil's dependence on imported fertilizers and strengthen domestic production of strategic agricultural inputs. â??Once the bill is sanctioned, Brazil will have a national fertilizer policy, with incentives for domestic industry so that we can move away from this external dependence. Fertilizers mean national sovereignty,â?? said Senator LaÃ©rcio Oliveira, author of the bill.

Bioinputs included in the program

The approved text expands the scope of Profert beyond conventional synthetic and mineral fertilizers. Companies producing fertilizers and their raw materials, bioinputs, biofertilizers and remineralizers will be eligible to compete for the incentives.

According to the Legal Advisor of ABINBIO (Brazilian Association of Bioinput Industries), the Senate's approval of Bill 699/2023 (which creates the Fertilizer Industry Development Program - Profert) represents "an incentive for the Brazilian industry so that the country ceases to be dependent on imported fertilizers, with the establishment of a permanent industrial policy, which will contribute to increased investment in the sector, especially in R&D and innovation, guaranteeing the improvement and strengthening of the national bioinput sector."

â??It is important to highlight that the approved text expressly includes the bio-input and bio-fertilizer industries among the beneficiaries of incentives to boost and protect the national agricultural production chain against global logistical crises and price fluctuations in the international market, as well as representing an important factor for national food sovereignty,â? said Sousa.

According to the Legal Advisor of ABINBIO, to obtain the benefits, companies need to adopt criteria for mitigating greenhouse gas emissions and supporting local development, elements that have the potential to attract investments and expand the participation of these technologies in Brazilian agriculture.

The Brazilian market for bio-inputs and biofertilizers moves more than $1.5 billion and is expected to exceed $3 billion by 2030, according to data from the consulting firm DunhamTrimmer International Bio Intelligence. "Looking to the future through the lens of current trends and drivers, we predict that we are entering a process of dramatic change which will establish the biofertilizer segment as one of the most innovative and rapidly growing segments of global agriculture," says the Ignacio Moyano, Vice President of Business Development LATAM of DunhamTrimmer.

Reducing fertilizer import dependence

DunhamTrimmer emphasizes that Brazil's strong dependence on the import of synthetic chemical fertilizers (exposed by crises in the global supply chain) has transformed biofertilizers and biostimulants into a necessity for national sovereignty.

Brazil is one of the world's largest agricultural producers but remains heavily dependent on imports of key nutrients, particularly nitrogen, phosphorus and potassium. Senator Tereza Cristina, rapporteur of the legislation in the Senate, said this dependence leaves Brazilian agriculture vulnerable to international price fluctuations, disruptions to global supply chains and geopolitical tensions affecting fertilizer production and logistics.

The new program seeks to address that vulnerability by creating incentives for domestic industrial capacity. The fiscal credits will be allocated through a competitive process, with the federal government determining which projects qualify for the program. The legislation also creates mechanisms for long-term financing and links part of the fiscal credit to actual production.

National fertilizer blending target

Profert also introduces a mechanism to increase the participation of domestically produced fertilizers in the Brazilian market. The National Council for Fertilizers and Plant Nutrition (Confert) will establish mandatory volume-based blending percentages for Brazilian-produced synthetic and mineral fertilizers in products sold, distributed and marketed domestically. The requirement will begin at 2 per cent and gradually increase to 10 per cent by 2031. Confert will be able to establish separate percentages for individual fertilizer components as long as the annual mandatory blending target is maintained.

BRL 1 billion in freight exemptions

The legislation also provides a tax exemption for the Additional Freight Charge for Renewal of the Merchant Navy (AFRMM) when transported goods are destined for projects approved under Profert. The exemption will apply from 2027 through 2031 and will be capped at BRL 200 million ($35 million) per year, or BRL 1 billion ($175 million) over the five-year period. Financial credits may also be directed to fertilizer producers or importers, provided that companies deduct the value of the credits received from their selling prices.

Another component of the program is the allocation of federal resources to the Brazilian Development Bank (BNDES) to create financing lines for companies approved under Profert. Under the legislation, BNDES and participating financial institutions will assume the credit risks associated with the loans. Financial charges, repayment periods and other lending conditions will be established by Brazil's National Monetary Council (CMN). The financing mechanism is intended to complement the fiscal incentives and facilitate investments in new production facilities and modernization projects.

Strategic implications for bioinputs

The inclusion of bioinputs and biofertilizers gives the legislation significance beyond Brazil's traditional fertilizer industry. The country's biological-input sector has expanded rapidly in recent years, while the government and agricultural industry have increasingly emphasized domestic production, supply-chain, resilience, and technological development.

DunhamTrimmer forecasts that the global biological-inputs market will grow by approximately 10 per cent between 2025 and 2030, reaching $25 billion by the end of the decade. Latin America is projected to grow faster, at around 14 per cent, with Brazil representing the region's principal market.

For ABINBIO, the inclusion of biological technologies in Profert could strengthen the domestic industrial base and create incentives for additional investment in production, R&D, and innovation. â??The reduction of this dependence is relevant not only to agricultural policy, but also to food and nutritional security, economic stability and the resilience of Brazil's agribusiness supply chains,â?• Tereza Cristina said.

The legislation reflects a broader effort to treat fertilizer and biological-input production as strategic components of Brazil's agricultural security, particularly following supply-chain disruptions associated with the Russia-Ukraine war and conflicts in the Middle East.