

BRAZIL LOCAL CONTENT CERTIFICATION

ABS provides practical approaches to help offshore owners comply with Brazil federal policy and contractual requirements to mitigate procurement risks.

Brazil continues to be at the forefront of the world's offshore production market. With activity expected to increase over the next few years, and Local Content will continue to be an important requirement for the country's industry.

WHAT IS LOCAL CONTENT?

It is a Brazilian federal policy, enforced by the National Agency of Petroleum, Natural Gas, and Biofuels (ANP), that requires operators involved in field development in Brazil to engage with Brazilian suppliers for local goods and services on projects related to the exploration and development stages. Governed by ANP Resolution No. 19, this requirement is referred to as "Local Content," and is defined as a percentage of the contractual value to be provided by the Brazilian industry. Owners typically pass this minimum content requirement down through the supply chain, so all vendors, shipyards and other suppliers are responsible for the Local Content in their scope of supply. There are provisions for fines in case the minimum amount is not achieved.

WHAT IS LOCAL CONTENT CERTIFICATION?

To prove to ANP that the contractual local content requirements are met, ANP requires the content to be certified by a Local Content Certification entity that has been accredited by ANP.



ABS is one of the first companies in Brazil accredited by ANP to certify Local Content.

ABS LOCAL CONTENT SOLUTIONS

Achieving the Local Content percentage is a complex task with potential financial consequences. Planning an effective Local Content strategy helps owners and Brazilian vendors comply with contractual requirements and mitigates procurement risks. ABS has extensive experience in Brazilian federal requirements, having certified several FPSOs and subsea systems currently

operating in the country in addition to a large variety of products and equipment.

ABS can support clients with the complete process of Local Content Certification.

Local Content Certification Services

- ABS is accredited by the ANP to issue Local Content certificates in all applicable scopes.
- ABS will provide measurement of the Local Content related to the project, in accordance with the rules established in the ANP Resolution No 19.

Additional Local Content Support

Local Content Achievement

Plan: ABS will assist with the development of the plan, which indicates the required documents with its deadlines, schedules, detailed explanation on the steps of the certification process and the necessary activities to be performed by the client to fulfill ANP requirements.

- **Monitoring:** ABS will provide technical support regarding Local Content achievement, identifying potential shortfall, monitoring

the Supply Chain, indicating possible areas of concern, and suggest corrective actions.

- **Index Estimation:** ABS will assist in calculating the planned Local Content index for the project to determine the implications in terms of fines in different scenarios.

We have the expertise to assist shipyards, owners, local suppliers and vendors with practical approaches to comply with contractual requirements and mitigate procurement risks.



For more information on Brazil Local Content Certification and related services, please contact ABSLocalContent@eagle.org.

LOCAL CONTENT (LC) APPLICABILITY

INTERNATIONAL/ DOMESTIC SHIPYARDS

Scope: FPSOs, Vessels, Modules, Equipment Packages

- Only products built in Brazil can be considered as LC

INTERNATIONAL/ DOMESTIC VENDORS

Scope: Equipment, Skids, Packages, Systems

- Only Brazilian components can be considered as LC

DOMESTIC SERVICE PROVIDERS

Scope: Services such as Engineering, Commissioning, Inspection, Integration of Modules, etc.

- The Service Provider must be a company established under Brazilian law

INTERNATIONAL SERVICE PROVIDERS

Scope: Any Scope

- Not considered as LC, even if the services are provided by Brazilian engineers. Service Provider must be a domestic provider to be counted as LC (see above)



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