

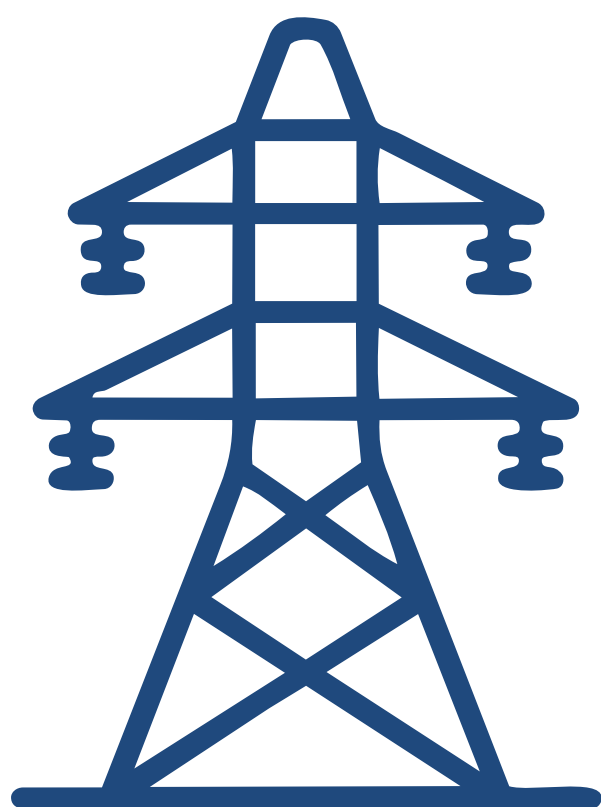
## Data Centers in Brazil: an emerging regulatory agenda and its practical limits

The global expansion of data centers, driven by the digitalization of the economy and the advancement of data-intensive technologies, has led various countries to formulate specific policies to attract these investments. In Brazil, this movement is beginning to take shape through initiatives associated with the so-called National Data Center Policy.

To date, however, this agenda has not yet resulted in a consolidated legal framework. In practice, it comprises a set of proposals and instruments at different stages of maturity, primarily aimed at addressing factors relevant to investment decisions — particularly implementation costs, which are significantly influenced by the tax burden and by the conditions applicable to the acquisition of equipment.

In this context, particular emphasis has been placed on measures intended to reduce the tax burden applicable to investments and to reassess the taxation of technology imports, an area historically associated with high costs in Brazil. Although such initiatives represent a relevant policy direction, they remain subject to legislative approval and further regulation, which limits their immediate impact on investor decision-making.

The deployment of data centers, however, depends on a broader set of variables. In addition to initial costs, factors such as regulatory predictability, administrative timelines, and the practical conditions for project implementation play a decisive role. Among these, securing access to the electrical grid has proven to be particularly significant, especially given the growing demand for large loads and capacity constraints at specific points of the network.



This scenario introduces an additional layer of uncertainty: access to energy under conditions compatible with project timelines may depend on technical and administrative processes whose outcomes are not entirely predictable. This is compounded by the misalignment between typical data center deployment timelines — generally shorter — and the time required to expand electrical infrastructure, which involves planning, permitting, and construction over longer time horizons.

Supply chain constraints further contribute to this misalignment. Critical equipment, such as transformers, is subject to extended manufacturing and delivery lead times.

Although imports are legally feasible, factors such as taxation, logistics costs, and financing conditions may limit their effectiveness as a short-term solution.

At the domestic level, the expansion of the sector is uneven, with a strong concentration in specific hubs. São Paulo remains the country's main hub, owing to its proximity to consumer markets, well-established connectivity infrastructure, and the presence of a mature ecosystem of clients and service providers. This reflects a demand-driven model, where location follows economic concentration and the need to minimize data transmission time.

At the same time, the emergence of hubs operating under a different rationale — such as Ceará — can be observed. In this case, the region's attractiveness is largely driven by the availability of renewable energy and, above all, by its strategic position as a landing point for international subsea cables. This infrastructure enables direct connectivity to global data routes, with significant gains in data transmission efficiency, and supports the development of larger-scale projects, including the provision of data processing and storage services to international clients.

The coexistence of these two models — one oriented toward domestic demand and the other toward global connectivity — highlights that the sector's expansion relies on specific local conditions and is not uniformly distributed across the country.

In this context, the regulatory initiatives currently under discussion tend to address only part of this set of variables and do not yet constitute an integrated framework. In particular, aspects related to project execution — including timelines, coordination among stakeholders, and implementation capacity — remain decisive in practice.

Brazil presents relevant structural advantages, such as the large-scale availability of renewable energy and a market with significant growth potential. However, the consolidation of this position depends on coordinated progress across public policy, sectoral regulation, and the practical conditions required for project implementation.

In summary, Brazil is experiencing tangible expansion in the sector, with projects under development and construction. Nevertheless, it still lacks a fully structured and predictable regulatory environment capable of supporting this growth on a consistent basis. In this scenario, investment decisions are likely to depend not only on the emerging regulatory signals, but primarily on the ability to convert those signals into concrete and reliable implementation conditions.

Our [Power](#) team is available to discuss this and other matters.