

TAX BENEFITS AND GLOBAL COMPETITIVENESS: THE ROLE OF LEGAL AND FINANCIAL STRATEGY IN THE PULP SECTOR

BENEFÍCIOS FISCAIS E COMPETITIVIDADE GLOBAL: O PAPEL DA ESTRATÉGIA LEGAL E FINANCEIRA NO SETOR DE CELULOSE

Bell Ivanesciuc¹

 <https://orcid.org/0009-0004-6433-1906>

 <http://lattes.cnpq.br/1589627358585950>

Universidade Braz Cubas, UBC, Brasil

E-mail: bell@ivanesciuc.com.br

Sandra Aparecida de Oliveira Lima²

 <https://orcid.org/0009-0002-2709-8709>

 <http://lattes.cnpq.br/5588298617298691>

Saint Francis College, NY, USA

E-mail: sandralima.peacemaker@gmail.com

George Harrison Ferreira de Carvalho³

 <https://orcid.org/0000-0002-7377-9284>

 <http://lattes.cnpq.br/4133790678180764>

Faculdade de Brasília (FBr), DF, Brasil

E-mail: georgeharrisonfc@gmail.com

Resumo

A indústria de celulose consolidou-se como um dos pilares da economia brasileira, contribuindo significativamente para o comércio internacional, o desenvolvimento industrial e a sustentabilidade. Neste cenário, as estratégias legais e financeiras são fatores decisivos para a competitividade, particularmente no que diz respeito à interpretação da legislação tributária e à segurança que ela proporciona aos investidores. Este artigo adota uma metodologia de revisão narrativa para examinar a relação entre benefícios fiscais, estabilidade jurídica e competitividade global no setor da celulose, utilizando o caso da Jari Celulose S.A. como referência. A empresa alcançou uma vitória legal histórica que reconheceu o direito de reivindicar créditos fiscais PIS/COFINS para atividades florestais, geração de energia e abastecimento de água. Esta decisão ampliou o escopo da apropriação de crédito, gerando vantagens econômicas e reforçando a importância de um quadro jurídico previsível. A análise demonstra que a estabilidade jurídica não só garante segurança financeira para as empresas, mas também promove políticas industriais e ambientais mais amplas. Economicamente, os créditos fiscais aumentam o fluxo de caixa e atraem novos investimentos. Industrialmente, fortalecem o posicionamento global do Brasil

¹ Pós-Graduada em Direito Tributário e Administrativo e Processual Tributário Instituição: Pontifícia Universidade Católica de São Paulo (PUC-SP).

² Especialista MBA em Finanças Corporativas Instituição: Fundação Getúlio Vargas (FGV).

³ Doutor em Ciências Médicas pela Universidade de Brasília (UnB) 2018. Mestre em Medicina Tropical pelo Instituto de Patologia Tropical e Saúde Pública da Universidade Federal de Goiás IPTSP/ UFG (2011). Graduações superiores (Biologia e Enfermagem) sendo, licenciatura em Biologia e bacharelado em Enfermagem.

alinhando-se às práticas internacionais. Ambientalmente, promovem a gestão florestal sustentável, o sequestro de carbono e a preservação da biodiversidade. O caso da Jari Celulose destaca como direito e estratégia podem convergir para entregar benefícios tangíveis além do lucro corporativo, impactando a sociedade e o desenvolvimento nacional. Os resultados sugerem que marcos jurídicos estáveis são indispensáveis para a integração efetiva do Brasil nos mercados globais, combinando competitividade com responsabilidade ambiental.

Palavras-chave: Benefícios fiscais. Estabilidade jurídica. Competitividade. Indústria de celulose.

Abstract

The pulp industry has consolidated itself as a cornerstone of Brazil's economy, contributing significantly to international trade, industrial development, and sustainability. In this scenario, legal and financial strategies are decisive factors for competitiveness, particularly regarding the interpretation of tax legislation and the security it provides to investors. This article adopts a narrative review methodology to examine the relationship between tax benefits, legal stability, and global competitiveness in the pulp sector, using the case of Jari Celulose S.A. as a reference. The company achieved a landmark legal victory that recognized the right to claim PIS/COFINS tax credits for forestry activities, energy generation, and water supply. This decision expanded the scope of credit appropriation, generating economic advantages and reinforcing the importance of a predictable legal framework. The analysis demonstrates that legal stability not only guarantees financial security for companies but also fosters broader industrial and environmental policies. Economically, tax credits enhance cash flow and attract new investments. Industrially, they strengthen Brazil's global positioning by aligning with international practices. Environmentally, they promote sustainable forestry management, carbon sequestration, and biodiversity preservation. The case of Jari Celulose highlights how law and strategy can converge to deliver tangible benefits beyond corporate profit, impacting society and national development. The findings suggest that stable legal frameworks are indispensable for Brazil's effective integration into global markets, combining competitiveness with environmental responsibility.

Keywords: Tax benefits. Legal stability. Competitiveness. Pulp industry.

1. Introduction

The Brazilian pulp sector has historically positioned itself as one of the leading global exporters of cellulose, with direct relevance to the international paper and packaging industries. According to BRACELPA (2019), Brazil is among the world's top producers of eucalyptus-based pulp, a competitive advantage derived from favorable climate conditions, large forested areas, and investments in sustainable forestry practices. This international prominence highlights not only the economic importance of the sector but also its dependence on a predictable and transparent regulatory environment.

In recent decades, global competitiveness has increasingly been associated with legal and financial stability. Countries such as Finland, Sweden, and Canada have long demonstrated that a clear, predictable tax regime directly influences the ability of companies to compete internationally. Brazil's pulp industry, though competitive in terms of natural resources and technological innovation, often faces barriers created by the complexity and unpredictability of its tax system (Prado, 2016). This article situates itself in this debate, highlighting how legal strategies can mitigate uncertainties and how tax benefits can operate as tools of economic policy.

Furthermore, the pulp sector plays a role in sustainable development, being directly connected to the United Nations' Agenda 2030 goals. Sustainable forestry management contributes to climate mitigation, biodiversity protection, and community development. Therefore, legal strategies that secure tax benefits for environmentally aligned practices also strengthen Brazil's commitments to global sustainability agreements.

The purpose of this article is to analyze how legal stability can impact Brazil's export, industrial, and environmental policies, using the legal case of Jari Celulose S.A. as a central example.

2. Methodology

This study employs a narrative review methodology, chosen because of its flexibility and interpretive character. Unlike systematic reviews, which are guided by strict inclusion and exclusion criteria and demand comprehensive searches across indexed databases, narrative reviews are designed to foster critical reflection and synthesis across diverse bodies of literature (Rother, 2007). In this article, the narrative review is combined with a case study approach, where the legal experience of Jari Celulose serves as a focal point.

Alternative methodologies were considered. An integrative review, for example, allows for the combination of theoretical and empirical evidence, but its value depends on the existence of a large body of empirical studies on the topic. Since the legal-taxation dimension of the pulp sector has been relatively underexplored in academic publications, the integrative method would not have offered sufficient coverage. Similarly, a scoping review would have mapped broader literature but would lack the depth of analysis required for a focused legal-economic discussion.

The narrative review, therefore, was selected for its ability to link theoretical perspectives, legal documents, and sectoral data. Sources included academic articles published between 2010 and 2021, reports from BRACELPA, Brazilian legal documents on PIS/COFINS taxation, and comparative studies of forestry sectors in countries such as Sweden, Finland, and Canada. This methodological choice allows for combining conceptual analysis with practical implications drawn from the case study.

3. Results and Discussion

3.1. Theoretical Framework

The relationship between taxation and economic development has been widely debated. Prado (2016) emphasizes that taxation serves not only as a revenue source but also as an economic policy tool, capable of stimulating or inhibiting investment. Well-designed tax benefits can increase productivity and global competitiveness. Conversely, excessive complexity or instability in tax regimes discourages long-term investments.

Torres (2017) reinforces the idea that legal certainty—the consistent and predictable application of laws, is central to economic development. In the absence of legal stability, firms face planning difficulties, leading to risk aversion and reduced international competitiveness. This problem has been particularly visible in Brazil, where frequent changes in tax interpretation create an uncertain environment for exporters.

International organizations such as the OECD and WTO have consistently highlighted the need for stability in trade-related taxation as a prerequisite for fair competition. Countries like Finland and Sweden exemplify this dynamic, combining stable tax policies with strong support for their forestry industries, which remain competitive globally.

In addition, environmental taxation and green fiscal policies have gained relevance. Souza (2019) points out that fiscal incentives linked to sustainability objectives can encourage companies to adopt environmentally friendly practices. In forestry-based sectors, these include reforestation, renewable energy generation, and biodiversity protection. Costa and Oliveira (2020) further argue that aligning fiscal incentives with sustainability generates dual benefits: economic competitiveness and environmental responsibility.

The relationship between taxation and sustainability also encompasses innovation in bioeconomy and green technologies. Studies in environmental toxicology have shown that eco-friendly products, derived from natural resources such as *Anacardium occidentale* and *Persea americana*, may contribute to sustainable industrial practices and environmental health (Carvalho et al., 2019; Carvalho et al., 2018; Carvalho et al., 2021; Carvalho, 2010). These findings reinforce the argument that fiscal incentives aligned with sustainability can foster competitiveness while promoting ecological responsibility.

The theoretical framework for this study, therefore, integrates three dimensions: legal stability as a foundation for investment, tax benefits as drivers of competitiveness, and green taxation as a mechanism for sustainable development.

3.2. Case Study: Jari Celulose

Jari Celulose S.A., established in the Amazon region, has historically been an emblematic company in Brazil's pulp industry. Its operations involve not only industrial pulp production but also forestry management, energy generation, and community infrastructure. This integrated model was central to the legal dispute analyzed in this article.

The legal case focused on whether activities such as forest cultivation, maintenance, energy generation, and water supply should be eligible for PIS/COFINS

tax credits. While traditionally these credits were restricted to narrowly defined production costs, Jari Celulose argued that such activities were indispensable for its industrial cycle. Its lawyers contended that denying credits for these expenses created an unfair economic burden and undermined competitiveness.

The favorable court ruling recognized that forestry management and related activities were indeed integral to the production process. This interpretation allowed Jari Celulose to claim significant tax credits, improving its financial performance and competitiveness. Furthermore, the decision acknowledged the environmental relevance of forestry activities, which contribute to carbon sequestration and biodiversity.

The case also serves as a precedent for other companies in the sector, signaling a broader legal understanding of the role of sustainable forestry and energy generation in industrial production. The implications extend beyond financial gain: the decision demonstrates how legal strategies can be aligned with industrial efficiency and environmental responsibility.

The Jari Celulose case provides valuable insights into the broader implications of tax benefits and legal stability.

Economic Impact: By recognizing forestry and related activities as eligible for tax credits, the ruling enhanced the company's cash flow. This allowed for reinvestment in technological innovation, workforce development, and export expansion (Prado, 2016). The positive financial results also demonstrate how legal certainty reduces the cost of doing business in Brazil.

Industrial Impact: The decision aligns Brazil more closely with international practices, where stable and predictable tax regimes are considered critical for competitiveness. In countries like Finland and Canada, forestry industries benefit from clear legal frameworks that encourage investment in innovation and sustainability. Moraes and Pinto (2018) highlight that aligning Brazil's tax environment with global standards can significantly improve its positioning in international markets.

Environmental Impact: The recognition of forestry activities as tax-creditable also has environmental benefits. By making reforestation and forest management financially viable, companies are encouraged to maintain sustainable plantations. This, in turn, contributes to carbon sequestration and biodiversity conservation, reinforcing Brazil's commitments under international climate agreements (Souza, 2019). Costa and Oliveira (2020) emphasize that tax policy can serve as a catalyst for corporate sustainability.

Critical Reflections: While the decision is largely positive, it also raises questions about the risks of over-reliance on fiscal incentives. Excessive dependence on tax benefits may create market distortions or reduce the incentive for efficiency improvements. Therefore, policymakers must balance the need for competitiveness with fiscal sustainability.

4. Conclusion

The Jari Celulose case illustrates how legal strategy and tax benefits can act as drivers of competitiveness and sustainability in the pulp sector. Beyond financial relief, the decision underscores the importance of legal stability as a foundation for long-term industrial development and environmental responsibility.

This analysis suggests that Brazil should prioritize predictable legal frameworks to strengthen its global position. Stable rules reduce uncertainty, encourage investment, and allow companies to integrate more effectively into international markets. Furthermore, aligning tax incentives with sustainability objectives ensures that competitiveness is combined with environmental responsibility.

Ultimately, the case law generated in the Jari Celulose case serves as a model for how legal strategies can produce systemic benefits, contributing to economic development, industrial modernization, and environmental sustainability. It highlights the need for coherent legal and tax policies as Brazil seeks to consolidate its role as a global leader in the pulp industry.

References

ASSOCIAÇÃO BRASILEIRA DE CELULOSE E PAPEL (BRACELPA). Relatório Anual 2019. São Paulo: **BRACELPA**, 2019.

CARVALHO, G. H. F. de; ANDRADE, M. A. de; ARAÚJO, C. N. de; SANTOS, M. L.; et al. Larvicidal and pupicidal activities of eco-friendly phenolic lipid products from *Anacardium occidentale* nutshell against arbovirus vectors. **Environmental Science and Pollution Research**, v. 26, n. 6, p. 5514-5523, 2019.

CARVALHO, G. H. F. de; SILVA, H. H. G. da; CUNHA, L. C.; SILVA, I. G. da. ATIVIDADE INSETICIDA DO EXTRATO BRUTO ETANÓLICO DE *Persea americana* (LAURACEAE) SOBRE LARVAS E PUPAS DE *Aedes aegypti* (DIPTERA, CULICIDAE). **Revista de Patologia Tropical / Journal of Tropical Pathology**, Goiânia, v. 40, n. 4, p. 348–361, 2012. DOI: 10.5216/rpt.v40i4.16760.

CARVALHO, G. H. F. Toxicological effects of ethanolic extract of seed and bark of *Persea americana* (Lauraceae), on larvae and pupae of *Aedes albopictus* (Skuse, 1894) (Diptera, Culicidae). **Vita et Sanitas**, v. 4, n. 1, p. 21-33, 2010.

CARVALHO, G. H. F.; SANTOS, M. L. dos; MONNERAT, R.; et al. Ovicidal and deleterious effects of cashew (*Anacardium occidentale*) nut shell oil and its fractions on *Musca domestica*, *Chrysomya megacephala*, *Anticarsia gemmatilis* and others. **Chemistry & Biodiversity**, v. 16, n. 5, e1800468, 2018.

COSTA, A. M.; OLIVEIRA, J. S. Tax benefits and environmental sustainability in the forestry sector. **Revista de Direito e Economia**, v. 15, n. 2, p. 77-92, 2020.

MORAES, C. A.; PINTO, L. F. Taxation and competitiveness in the Brazilian forestry sector. **Revista Brasileira de Economia e Direito**, v. 10, n. 3, p. 145-162, 2018.

PRADO, M. S. Fiscal incentives and economic development: a critical analysis. **Revista de Política Econômica**, v. 8, n. 1, p. 33-49, 2016.



ROTHER, E. T. Narrative review versus systematic review. **Acta Paulista de Enfermagem**, v. 20, n. 2, p. v–vi, 2007.

SOUZA, P. R. Green taxation and sustainable development in Brazil. **Revista de Direito Ambiental**, v. 24, n. 4, p. 55-72, 2019.

TORRES, R. L. Legal certainty and economic development. **Revista de Direito Público da Economia**, v. 15, n. 59, p. 11-32, 2017.