

CNI's Industrial Development Directorate & Brazil's New Industrial Policy

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PELO FUTURO DO TRABALHO

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Reasons to support the new industrial policy

Brazil

Early Deindustrialization

- **% of manufacturing industry in GDP has fallen** by half since the 1980s, reaching 15.1%
- **Regressive specialization process:** Industrial sectors producing the most sophisticated and complex goods lost participation in the national economy
 - Impact: *exports of high and medium-high technological intensity goods falling from 21.6% to 14.5%, in 10 Years*
- **Low productivity and “Custo Brasil”** help explain the industry’s loss of importance:
 - labor productivity fell by 23% between 2000 and 2021, compared to other countries
 - “Custo Brasil” estimated at R\$1.7 trillion (19.5% of GDP) in 2021

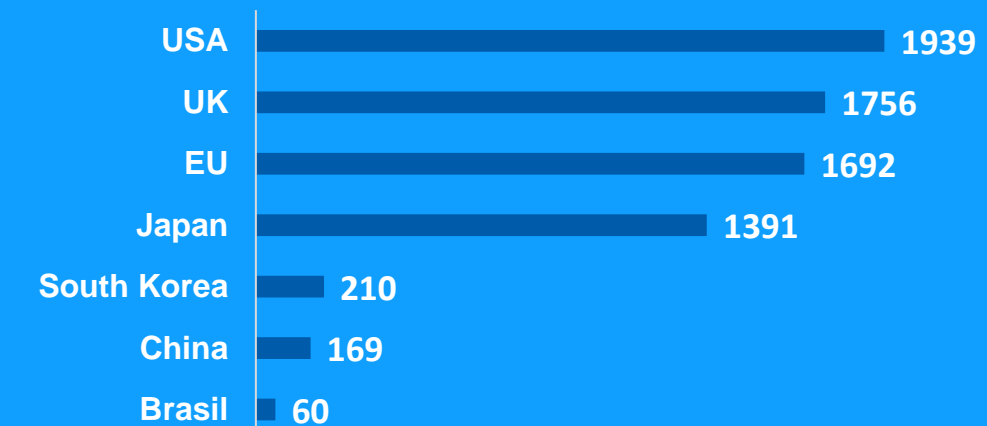
World

The rise of industrial policy

- **Global race** to respond to the great transformations underway and build new foundations for global industry
- **Almost 2,000 industrial policy measures** being implemented globally. In 2023, emerging economies accounted for 29.1% of them

Plans announced by countries from 2019 onwards

(in billions of USD)



New Industry Brazil



A modern industrial policy

Mission-oriented
approach, in response to
the challenges of
Brazilian society

**Coordination between
the various ministries
and agencies**

**Coordination of
various instruments:**
financial, regulatory,
public procurement,
among others

Powershoring

Brazil: Opportunities to attract foreign investments

Establishment of industries in locations with high potential for renewable energy, such as wind, solar and biomass

- Brazil's environmental advantages represent a unique **opportunity** to position itself as a global leader in the green economy
- It is necessary to use green energy as a major competitive advantage, and **not just a new commodity**.
- Policies aligned with a Powershoring strategy
 - Nova Indústria Brasil (NIB) / MDIC
 - Plano de Aceleração do Crescimento (PAC) / Casa Civil
 - Plano de Transição Ecológica (PTE) MF
- Global race to decarbonization¹:
 - USA: US\$ 368 billion
 - European Union: EUR€600 billion
- Brazil could earn between US\$55 and US\$395 billion in exports of products with a sustainable certifications alone, by 2032¹

¹ Latin America and the Caribbean Development Bank – CAF, 2023

CNI will influence and support NIB's implementation and the Brazil's cost reduction plan

Innitiatives 2024

- Structuring an industry's **Think Tank**, based on the National Industry Observatory
 - Implementation of **communication campaigns** in defense of the **Nova Indústria Brasil**
 - Conducting **seminars** on the themes "Nova Indústria Brasil", "industrial policies in the world and NIB" and "industrial policy and *Brazil's Cost*", in partnership with **MDIC and BNDES**, in Rio de Janeiro, São Paulo and Brasília
- Brazil's Cost amounts to: **R\$ 1,7 trillion** (around 19,5% of GDP)
 - Cost Reduction Plan: 17 projects for **implementation** by MDIC + 24 projects for **monitoring** by MDIC
 - **CNI support to the agenda**: primary data collection, developing technical papers, technical expertise (support in implementing and monitoring projects), events (seminars and workshops), input from private sector, publicity and media coverage



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