

## CLIMATE CHANGE: STRATEGIES FOR INDUSTRY

- *Climate change has led countries to take a number of actions, ranging from reducing greenhouse gas emissions to implementing mechanisms to better prepare for extreme climate events, with possible socioeconomic consequences.*
- *The reduction in Brazil's emissions pledged in the Nationally Determined Contribution (NDC) requires investment in new machinery and equipment and stimulus for the development of new technologies and processes.*
- *The actions intended to be taken in Brazil should minimize the negative economic impact of adaptation measures, taking into account the economy wide and compensating the hardest hit sectors.*

### **The impacts of climate change are a challenge for both domestic and international industries.**

These impacts are related mainly to the need for increased investment, to the development of emission reduction technologies, and to extreme climate events such as droughts, floods and landslides.

### **Extreme events affect business competitiveness**

by generating insecurity in the supply of energy at competitive prices, by the risk of water shortages and by damaging industry assets and infrastructure.

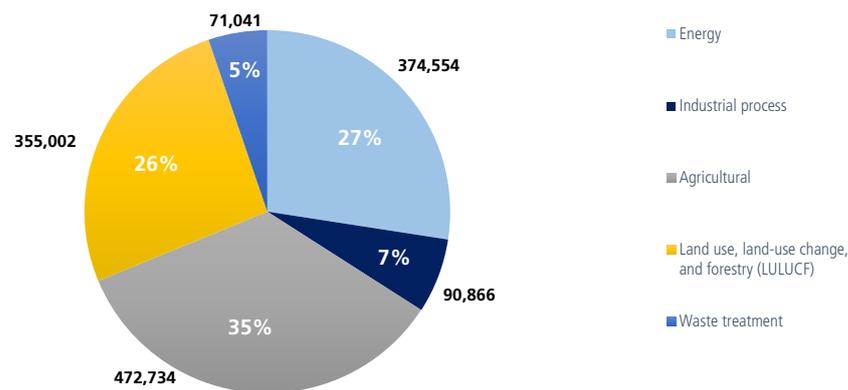
**The climate change agenda goes beyond an "environmental integrity agenda." It is an agenda designed to promote structural economic changes.**

**By ratifying the Paris Agreement in 2016, Brazil presented its contribution to addressing global warming through its NDC.**

Apart from including a GHG emission reduction target, Brazil's NDC requires a set of additional measures in the areas of forestry, biofuels and energy. The effect of these additional measures on the industrial value chain is the main concern of the industrial sector.

**Strategies designed to implement and finance Brazil's NDC must be developed based on an integrated analysis of their impact on the industrial chain.** It is necessary to understand the impacts, vulnerabilities, risks, costs and benefits of the proposed measures. In addition, efforts should be made to create a positive agenda focused on seizing the opportunities stemming from the consolidation of a low emission carbon economy in the industrial sector, increasing its efficiency, competitiveness and employment and income generation for the population.

## SHARE OF GREENHOUSE GAS EMISSIONS BY SECTOR IN 2010 (GG CO2E)



Source: Prepared by CNI based on data available in BRAZIL. Ministry of Science, Technology, Innovation and Communications. Third National Communication of Brazil to the United Nations Framework Convention on Climate Change, 2016.

## Main recommendations

### Pillar 1: Governance

**1** Consolidate a new model of climate change governance in Brazil.

### Pillar 2: Financing

**2** Existing financial mechanisms for low-carbon development should be strengthened.

**3** International partnerships to finance the transition to a low emission carbon economy in Brazil should be developed through bilateral and multilateral agreements.

### Pillar 3: Competitiveness

**4** Compensatory measures for carbon- and energy-intensive sectors exposed to international trade should be introduced.

**5** The National Policy on Climate Change (PNMC) should be reviewed so as to consider the economy wide.

**6** Investments should be made in infrastructure and logistics with the aim of integrating value chain links and mitigating climatic risks.

### Pillar 4: Technology and innovation

**7** Emission mitigation technologies aligned with Brazilian technical, economic, political and institutional contexts should be adopted.

**8** Industry's access to and participation in financial resources should be streamlined to foster investment in low carbon technologies.

**9** Funds from future carbon pricing mechanisms should be allocated to Research and Development (R&D) actions.

### Pillar 5: Energy

**10** Programs to train companies on efficient energy management should be created.

**11** Climate, energy and waste and by-products policies should be updated in an integrated manner to ensure access to low cost energy and supply security.

### Pillar 6: Forestry

**12** Initiatives should be promoted to integrate links in the value chain.

**13** Barriers should be removed and the business environment in Brazil should be improved for implementing reforestation and sustainable forest management activities.

### Pillar 7: Climate change adaptation

**14** Infrastructure more resilient to extreme climate events should be implemented.

**15** Incentives should be created to increase the ability to manage and prevent risks in areas most vulnerable to extreme climate events.

The full version of the document can be accessed through the QR code on the side or at: <http://www.cni.com.br/eleicoes2018/downloads/> This summary is part of the series Proposals of Industry for the 2018 Elections comprising 43 documents. The series, which is based on the *2018-2022 Strategy Map for Industry* is a CNI contribution to the new federal administration and presents analyses and proposals of priorities to increase Brazil's competitiveness. Any part of this publication may be copied, provided that the source is acknowledged. Brasília-DF, July 2018.

