

STRATEGY TO SUPPORT A LOW CARBON ECONOMY

THE CLIMATE AGENDA HAS LEFT THE STRICTLY ENVIRONMENTAL SPHERE AND DIRECTLY INFLUENCES ECONOMIC COMPETITIVENESS

Brazil's commitments to reduce GHGs Emissions



Reduce absolute GHG emissions of **37%** by 2025 and **43%** by 2030 (base year 2005)



Climate Neutrality by 2050



Zero illegal deforestation by 2030

Brazil's comparative advantage



Clean electric matrix (84,8% from renewable sources)



Low carbon intensity of the industry



2nd largest **Biofuels** production in the world



Greatest biodiversity on earth (20% of the total species on Earth)



Large forest cover (58% of the national territory)



World's **largest water resources** (12% of world reserves)

Brazilian industry's importance



Industrial sectors highlights



ALUMINIUM

around **60%** of all aluminium consumed in the country is recycled



CEMENT

GHG emissions **11%** lower than the world average for the sector



STEEL

around **12%** of the production is obtained from the use of charcoal (from planted trees)



PULP AND PAPER

Stock of **4.48** billion tons of CO₂ equivalent in 15 million hectares of forests (planted and conservation areas)



CHEMICAL

44% reduction of GHG emissions in industrial processes (2006-2016)



GLASS

400,000 tons of glass are recycled per year, equivalent to **100,000** tons of GHGs emissions avoided annually

The country's main challenges

- Definition of a **broad and integrated strategy to reduce GHGs emissions**, including policies that create a favorable investment environment
- Establishment of an **institutional governance and coordination of efforts between government and the productive sector** to ensure greater transparency and compliance with the commitments made under the Paris Agreement
- Development of a decarbonization plan** in consultation with the productive sector and based on sectorial plans that consider the specificities of each sector
- Investments in **R&D&I aiming at new low carbon energy and technologies** (such as hydrogen, and carbon capture and storage)
- Development of an **urban infrastructure supported by low carbon technologies** (mobility, buildings, lightning, waste stream, sewage system, etc)

CNI's strategy to support a Low Carbon Economy

18 actions, organized into **4 main themes**, where **government and industry can work together**.

Goal: Accelerating the implementation of programs and technologies to reduce GHG emission, in the short and medium term, while build the pathway for the climate neutrality in 2050.



PILLAR 1. ENERGY TRANSITION

GENERAL PROPOSAL: Increasing the percentage of renewable energy and biofuels in the energy mix, by maintaining investments in renewable energy, strengthening the biofuels program, and policies and investments in new energies such as hydrogen and offshore wind and low carbon technologies (e.g carbon capture and storage) for the energy transition.

ACTION 1

Support the expansion of biofuels and the strengthening of the National Biofuels Policy (Renovabio)

CNI has been working to support the strengthening of the program by assessing possibilities to improve CBios taxation, credit validity, and investments in advanced biofuels.

ACTION 4

Articulate public policies to encourage the production of energy from solid waste

CNI developed an economic and technical feasibility study for the use of Waste-to-Energy technologies in Brazil, and has followed up on the regulation of technical standards related to the theme.

ACTION 2

Articulate greater participation of industry in the energy efficiency programme (Procel), including increasing engagement of CNI in the implementation of energy efficiency projects

Since 2017, the industry, with CNI support, has already implemented more than R\$30 million in energy efficiency projects. In addition, around R\$15 million will be invested in the next years for improvement of industrial processes.

ACTION 5

Promote new clean technologies, such as hydrogen and CCS

CNI will articulate with the government to identify opportunities for the industry, including the need for policies to support the development of these technologies in the country.

ACTION 3

Promote offshore wind development in Brazil

Support the government to develop new regulations to support implementation of offshore wind projects in Brazil





PILLAR 2. CARBON MARKET

GENERAL PROPOSAL: Create and implement a regulated carbon market, in the form of an emissions trading system, under the Cap and Trade rationale, to contribute to the targets established by Brazil in the Paris Agreement.

ACTION 1

Establish a robust institutional environment for the implementation of a regulated carbon market with the participation of the productive sector

CNI developed a study to assess the governance of regulated carbon markets in the world and has been discussing, with government, a proposal for the country, based on successful international cases.

ACTION 3

Consolidate a robust Measurement, Reporting and Verification (MRV) system and articulate its implementation with the productive sector

CNI has been working to sign a Technical Cooperation Agreement (ACT) with the Ministry of Science, Technology and Innovation (MCTI) with the purpose to support capacity building for the industry on the MRV platform.

ACTION 2

Support the approval of a legislation to lay the foundation for a regulated carbon market, in the form of an Emissions Trading System (Cap and Trade) in Brazil

CNI has been working with Congress to approved a piece of legislation which contemplates the industry's position

ACTION 4

Articulate with the government so that the Sustainable Development Mechanism (SDM) contemplates competitive conditions for the Brazilian industry during the negotiations of article 6.4 of the Paris Agreement

CNI has been working for the mechanism to be regulated at COP 26, in a fair, feasible and legally safe way, in order to allow the Brazilian industry participation in the mechanism.





PILLAR 3. CIRCULAR ECONOMY

GENERAL PROPOSAL: Increase the productivity and competitiveness of the Brazilian industry through the promotion and valorization of practices aligned with the concept of Circular Economy, contributing to the reduction of GHG emissions.

ACTION 1

Work closely with international organizations to bring Brazil's understanding, and the reality of developing countries, to the international normative framework on Circular Economy

CNI coordinates the ABNT Special Study Commission on Circular Economy (ABNT/CEE 323) and the Brazilian delegation at international meetings of the ISO Technical Committee on Circular Economy (ISO/TC 323), and represents Latin America and the Caribbean on the Advisory Board of TC 323.

ACTION 2

Build a common understanding to be used as a basis for the implementation of a national strategy on Circular Economy for Brazil

CNI has been promoting dialogue with the companies, through the Industry Circular Economy Network, to build an initial text on the subject.

ACTION 3

Build a tool to measure the maturity level of Brazilian companies on circular economy best practices, to improve their processes, business model innovation and fundraising

CNI is developing this tool with a solid scientific basis, in partnership with academy.

ACTION 4

Articulate with the government and the Congress the adoption of measures to overcome fiscal and regulatory barriers, offer economic incentives, to simplify and reduce bureaucracy in the reverse logistics system in Brazil

CNI proposed several measures to implement economic instruments foreseen in the National Solid Waste Policy (PNRS) to the Congress aiming at unburdening the recycling chain and simplifying the operation of the reverse logistics system.

ACTION 5

Assist Brazilian industry sectors in developing sustainability requirements for public procurement

CNI published guidebooks to help the private sector in defining sustainability requirements, based on the ISO 20400 standard - Sustainable Procurement, which will serve as a basis for the federal government to implement a national program for sustainable public procurement in the country.





PILLAR 4. FOREST CONSERVATION

GENERAL PROPOSAL: Increasing the effectiveness of the government's actions to combat illegal logging and fires in the Legal Amazon, combining the Brazilian leadership in remote sensing technologies with command and control actions, based on scientific data and intelligence, and including the coordination and integration of the actions of the Federal, State and Municipal governments.

ACTION 1

Coordinate efforts for land regularization and eliminate socio-environmental conflicts in rural areas to provide legal security to producers and investors, thus creating a favorable business environment, while contributing to forest conservation

CNI is closely following and participating in the discussions in Congress regarding new proposals for land regularization, in order to guarantee legal security for the entrepreneur and to prevent the expansion of the illegal deforestation.

ACTION 3

Improve and strengthening the Public Forest Management Law to increase business attractiveness and reduce bureaucracy for entrepreneurs and public administrators

CNI supports the improvement of the regulatory framework under discussion in the National Congress, ensuring the protection of the forest and increasing the attractiveness of forest concessions, based on the experience acquired in the implementation of the current law of 2006.

ACTION 2

Strengthen the integration among Ecological-Economic Zonings (ZEE) in the states and stimulate instruments for land use planning to speed up the environmental licensing process for productive activities, provide greater security for government and private investments, and guide the titling of public lands

CNI supports the use of instruments for land use planning to identify the potential and use restrictions of each region and guide investments, considering the environment's carrying capacity.

ACTION 4

Promote the bioeconomy as a vector for sustainable development of the Amazon region and maintenance of the standing forest, by attracting private investments and directing public investments to R&D&I

CNI is working on the improvement of the legal environment for the sustainable use of the biodiversity and the strengthening of partnerships between the public and private sector on the R&D&I projects.

