

THE EU-MERCOSUR AGREEMENT

A UNIQUE OPPORTUNITY TO FOSTER TRADE AND SUSTAINABLE DEVELOPMENT

FACTSHEET 5. SUSTAINABLE SUPPLY CHAINS

The Brazilian businesses has concrete initiatives regarding sustainable development in areas such as sustainable forest management, renewable energy, recycling, bioeconomy, deforestation and ensuring labor rights.

The EU-Mercosur Agreement has ambitious rules to foster the sustainable management of supply chains that will promote several advancements based on companies' and sectors' policies and commitments.



What is the impact of private sector's actions towards sustainability?

It is expected that private stakeholders take lead on the implementation of several SDGs, putting jobs and education, food security and nutrition, technology and innovation, climate change actions, renewable energy and partnerships at the center of business activities. The Brazilian private sector is doing its part and it is in the third position at UN's Global Compact Local Networks, engaged on the implementation of the Ten Principles of SDGs.

Key actions of the Brazilian businesses towards sustainability



Deforestation

The **Soybean Moratorium** is an initiative between the private sector, NGOs and other stakeholders to enact a strict monitoring system to control deforestation in soybean areas since 2008. Between 2008 and 2019, the average deforestation dropped from 9.974 km² to 2.405 km² per year.



Sustainable forest management

- **Pulp and paper industry:** the industry is an example in the production of multiple renewable products based on good practices. It is estimated that their 9 million hectares of planted trees stock approximately 1.88 billion tCO₂ eq, and that the native vegetation conserved along with the productive areas, nearly 6 million hectares, stores 2.6 billion tCO₂eq.
- **Livestock sector:** leader companies financially contribute to the development of local communities, as well as to scientific and technological development. Another example is the Green Fund to finance sustainable practices on livestock production, including small ranchers, traceability, and deforestation control.
- **Green steel:** the use of charcoal was responsible for avoiding the emission of 10.5 million tons of CO₂ eq, which is equivalent to more than 10% of all emissions from the Brazilian industrial sector.



Renewable energy

Production in Brazil relies on renewable energy, use of biomass and residues, energy efficiency and alternative raw materials. For example, from 1990 to 2019, the carbon intensity of cement was reduced by 18%, while cement production grew by 220%. Recently, the sector adopted the Technological Cement Roadmap, putting forward a target to reduce its emissions by 33% up to 2050.



Recycling

Recycled aluminum accounts for about 56% of the total volume of consumption of aluminum products in Brazil, while the global average is 26%. The use of recycled aluminum helps to reduce carbon footprint, compared to the use of aluminum obtained from ore, and Brazil has one of the highest aluminum recycling rates in the world.



Bioeconomy

The industry in Brazil is a great example of integration to the sustainable use of biodiversity and genetic resources. Cosmetics, products from the socio-biodiversity, genetic engineering, biochemistry, biorefinery, bioproducts and other technological routes based on biodiversity and natural resources connect the industry to the concrete implementation of projects aligned to key SDGs and generate investment opportunities in many areas.



Labor rights

The Sustainable Fashion Lab initiative between producers and retailers in the textile and apparel industry in Brazil, together with the ILO, aims to address and transform workers reality in Brazil through education, capacity building, entrepreneurship and work equality. The ABVTEX Program is another initiative comprising different stakeholders of the apparel and footwear sectors to implement the best compliance practices among suppliers and subcontractors.



Why is the implementation of the agreement important for sustainable supply chains?

The EU-Mercosur Agreement will inaugurate an opportunity for the private sector to cooperate, monitor, exchange experiences and trade as a basis to foster sustainable development.



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