



*Brazilian National Confederation of Industry*

**THE FUTURE OF INDUSTRY**

# STRATEGY TO SUPPORT A LOW CARBON ECONOMY

# THE NEW ECONOMIC AND ENVIRONMENTAL AGENDA



## **Brazil's formal request to become a member of the OECD**

about 40% of the normative acquis refers to environmental issues



## **Mercosur-EU Agreement Ratification**

specific chapter on "Trade and Sustainable Development"



## **European Green Deal**

50 specific measures proposed by the European Commission to address climate change challenges



## **Post-Covid-19 Recovery**

rethink the relationship with the environment in order to deal with the effects of the pandemic and prevent future similar events



## **COP26**

Completion of the Paris Agreement rulebook (Article 6 – Global Carbon Market)

Adoption of the Glasgow Climate Pact



# TRENDS IN THE GLOBAL CLIMATE CHANGE AGENDA



Countries and companies making the commitment to emissions neutrality by 2050



Renewable Energy Expansion



New products and low carbon energy sources (e.g. hydrogen)



CO<sub>2</sub> as the new global commodity



Electrification of vehicle fleets



End of subsidies to fossil sources



Central banks and financial sector moving to measure climate risk



Carbon Pricing Systems



Carbon Rate at the Border (European Union)



**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)**



**Largest forest  
cover (58% of the  
national territory)**



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



# BRAZIL'S COMPARATIVE ADVANTAGE



# INDUSTRIAL SECTORS HIGHLIGHTS

## CEMENT

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

## PULP AND PAPER

- **9 million ha of planted forests** (for industrial purposes) while **5.9 million ha of native forests** (for conservation purposes)
- **Recycling rate of paper 66.9%** (one of the highest in the world)

## ALUMINIUM

- **56%** of all aluminium consumed in the country is recycled (global average: 26%)
- **97%** of beverage cans are recycled in Brazil

BRAZIL'S  
**COMPARATIVE ADVANTAGE**



# INDUSTRIAL SECTORS HIGHLIGHTS



## GLASS

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



## STEEL

- Around 12% of the production is obtained from the use of charcoal (from planted trees)



## CHEMICAL

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

BRAZIL'S  
**COMPARATIVE ADVANTAGE**

# BRAZIL'S COMMITMENTS TO REDUCE GHGs EMISSIONS



Reduce absolute  
GHG emissions of  
37% by 2025 and  
50% by 2030  
(base year 2005)



Climate  
Neutrality by 2050



Zero illegal  
deforestation by  
2028





# CNI'S STRATEGY TO SUPPORT A LOW CARBON ECONOMY

**CNI** supports the implementation of the climate commitments made by the country in an integrated and transparent manner, with broad participation of the productive sector

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In order to leverage its contribution to the achievement of the national targets under the Paris Agreement, **CNI** developed a proposal of a Strategy to Consolidate a Low Carbon Economy



# CNI'S STRATEGY TO SUPPORT A LOW CARBON ECONOMY

Our proposal consists of **17 actions**, organized into **4 main pillars**, where government and industry can work together, aiming at 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

The priority pillars are:

**01**

Energy  
Transition

**02**

Carbon  
Market

**03**

Circular  
Economy

**04**

Forest  
Conservation

# PILLAR 1 ENERGY TRANSITION

## CONTEXT

- The Brazilian energy matrix has a large share of renewable sources, **46%**
- On the power matrix, renewables represents **84,8%**, a great share when compared to the USA (**18%**) and the OECD countries (**27%**)
- Despite its favorable situation, Brazil is further investing in the expansion of renewables in the matrix
- The country is also strengthening its National Policy for Biofuels (RenovaBio), and is developing a strategy to promote new source of energies (e.g. hydrogen)
- The challenge is to ensure tariff modicity while maintaining safety of energy supply

## 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.





# PILLAR 2 CARBON MARKET

## CONTEXT

- Globally, companies and governments are increasingly integrating carbon pricing into their climate strategies
- In Brazil, the theme was addressed in the scope of the PMR Brazil (Ministry of Economy and World Bank programme), which recommended the adoption of a carbon market on a basis of an Emissions Trading System
- The industry actively participated in the PMR Brazil discussions and contributed to its studies and reports

## 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.



# PILLAR 3 CIRCULAR ECONOMY

## CONTEXT

- 3 out of 4 Brazilian industries (76.5%) develop some initiative of Circular Economy, although most of them (70%) still don't know that the actions fit in this concept
- Sectors, such as pulp and paper and cement in Brazil are a world reference in low greenhouse gas emissions and efficiency in the use of natural resources
- 40% of the solid residues collected every day still go to dumps and/or controlled landfills
- 45% of the population still does not have an adequate sewage system

## 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.



# PILLAR 4 FOREST CONSERVATION

## CONTEXT

- Brazil has the largest forest coverage in the world (60%) and is home to 20% of the planet's biodiversity
- The Amazon Rainforest occupies almost 50% of the national territory and accounts for more than 90% of the country's native public forests
- For the industry, the forest concession is the main path to sustainable forest management in the region, with the potential to increase the explored area ten times by 2030
- The main challenge is to control illegal logging and fires
- The country is a global leader in remote sensing technologies

## 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.





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Learn more in the  
Sustainable Industry channel:  
[www.cni.com.br/industriasustentavel](http://www.cni.com.br/industriasustentavel)





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