



*Brazilian National Confederation of Industry*

**THE FUTURE OF INDUSTRY**

# STRATEGY TO SUPPORT A LOW CARBON ECONOMY



# THE NEW ECONOMIC AND ENVIRONMENT AGENDA



**Brazil's formal request to become a member of the OECD**  
about 40% of the normative acquis refers to environmental issues



**Mercosur Agreement Ratification**  
UE | highlighting a specific chapter on "Trade and Sustainable Development" (conservation and use of biodiversity, sustainable forest management and implementation of the Paris Agreement)



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



**Post-Covid-19 Recovery**  
worldwide recognition of the need to rethink the relationship with the environment in order to deal with the effects of the pandemic and prevent future similar events



**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)**



A central graphic of a globe with Brazil highlighted in green. The globe is surrounded by a circular track with small white dots. White orbital lines are drawn around the globe. The background is a dark blue with a subtle geometric pattern of lines and dots.

# **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**



# THE COUNTRY'S MAIN CHALLENGES

Definition of a broad and integrated strategy to reduce GHGs emissions, including policies that create a favorable investment environment

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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

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Development of a decarbonization plan in consultation with the productive sector and based on sectorial plans that consider the specificities of each sector

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Investments in R&D&I aiming at new low carbon energy and technologies (such as hydrogen, and carbon capture and storage)

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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

Our proposal consists of **18 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 clean 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 a large forest coverage (58%) and is home to 15-20% 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, it is crucial to develop a sustainable forest economy based on native forests through Sustainable Forest Management, both in private and public areas, in Public Forest Concessions.
- The main challenge is to control illegal deforestation and forest 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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