



Opening remarks by H.E. Mr. Enio Cordeiro, Ambassador of Brazil in Oslo, at the Seminar Brazil@Nor-Shipping 2022

Good morning.

It is a pleasure to join you, and I really appreciate this opportunity.

Let me express our many thanks to the Brazilian Association of Norwegian Shipowners and to our twin Chambers of Commerce for putting together this important event.

I was invited today to give you an update on the state of the relations between our two countries and to comment on the current economic features in Brazil.

Brazil and Norway hold very productive relations in the political and the economic field.

I am glad to report to you that after a period of recess (which was prolonged by the pandemic) the two Ministries of Foreign Affairs will resume this month the meetings of our bilateral mechanism for political consultations. This will be the first meeting of this nature in almost five years.

These consultations will review the status of our bilateral cooperation in all areas, with particular emphasis on our performance in trade and investments, trade negotiations and the bilateral cooperation on environmental issues. It will be a very welcome occasion to resume high level, direct and frank talks about these points. On the agenda, we will also review multilateral issues and discuss our interaction as non-permanent members of the Security Council of the United Nations.

We value the importance of this vigorous trade and investment relations that exist between our two countries, especially through the endeavours of the private sector. We would therefore like this intense partnership to be better known (and better appreciated) by the public at large and by all political sectors both in Brazil and Norway.



Today more than a hundred Norwegian companies are present in Brazil with established investments in strategic sectors of the Brazilian economy, such as oil and gas, renewable energy, mining, fertilizers, agribusiness, shipbuilding, banking, naval services and certification. It is fitting to note that the Norwegian State holds a strong ownership participation in the major companies investing in these sectors in Brazil.

We appreciate the fact that Norwegian companies have proven a long-term commitment to development and growth in Brazil, as they found there an attractive market for their business, together with a very receptive regulatory environment.

Equinor stands today as the second major operator in the oil and gas sector in Brazil. Norwegian companies provide an important number of platforms, and are also the owners of most of the vessels employed in offshore exploration in the coast of Brazil. Aker Solutions is among the major suppliers of equipment for this industry and other Norwegian companies are predominant in the supply chain of services and technology.

Norwegian companies are also among the main investors in renewable energy in Brazil. Statkraft owns several hydropower plants in Brazil, as well as solar and wind parks. A new regulatory framework was recently enacted for the commercial exploration of offshore wind-power and this got immediate attention by Norwegian investors. There is also a strong participation of Norwegian investments in the production of bioenergy and ethanol in Brazil.

This same logic of integration applies in other sectors too.

Brazil – for instance - is a major producer of grains and livestock. Agribusiness generates $\frac{1}{4}$ of our GDP (which is at US\$ 1,4 trillion), and is responsible for nearly half of the Brazilian exports. Yara is our major Norwegian partner in agricultural production. Actually, Brazil represents $\frac{1}{3}$ of Yara's production volume and $\frac{1}{4}$ of the company's revenue.

Another example. Norway is a major exporter of aluminium to other countries in Europe, a business that yields more than US\$ 5 billion a year.



Norsk Hydro activities in Brazil provide more than 80% of the natural resources needed for this aluminium production in Norway.

The key message I want to share with you today is that your business in Brazil represents the building blocks for this tremendous economic partnership that brings about mutual benefits, growth and prosperity for both countries. Expanding this partnership is also important for the welfare of our two peoples, as bilateral investments generate new employment opportunities and better standards of living in both ends of the chain.

Against this backdrop, two points of disagreement (or rather two points of discrepancies and miscommunication) emerged in recent years and they are affecting the overall perception about our bilateral cooperation.

The first point is the paralysis in our cooperation related to environmental issues since the freezing of the Amazon Fund resources in 2019; and the second point relates to the protracted negotiations of a trade agreement between Mercosul and EFTA.

I think time is already overdue for Brazil and Norway to resume a visible portfolio of cooperation in environmental issues. Our two countries need to preserve and safeguard their capacity to work together in this field.

All countries have their own shortcomings with respect to environmental goals. Both Brazil and Norway do have shortcomings in this area, and they are not minor ones. In Brazil, the major vulnerability is the resumption of higher rates of deforestation. And in Norway, the weak point is an ever-increasing level of domestic emissions in the energy sector, together with the sizable amount of emissions released elsewhere by the exports of oil and gas.

International cooperation is central to address and to redress these problems. Brazil and Norway are important partners with huge environmental responsibilities and both countries can certainly do more together in this area.



As there are many misperceptions and dysfunctional information disseminated on this point, let me say that deforestation is a persistent phenomenon that results from illicit activities in public lands in Brazil. It needs to be reversed, and this a primary responsibility for the Brazilian authorities to take on.

However, we cannot lose sight of the big picture. The tropical forest which is still preserved in Brazil corresponds to 84% of its original size, and covers an impressive extension of 3,5 million Km², which compares to 80% of the territory of Europe, and 50% of the contiguous part of the United States.

It is worth to mention that Brazilians continue to afford alone the huge costs of preservation and the maintenance of the environmental services provided by the forest.

Let me stress that Brazil already reduced its GHG emissions by more than 50% since 2004.

Brazil also reduced deforestation by 73% in the period from 2002 to 2012. Deforestation has recently increased, bringing it to a level that still represents more than a 50% reduction from the rates of 20 years ago. In any case, let me share with you that there is a clear understanding in Brazil about the need to end illegal deforestation, and we are committed to this goal.

Norway, for its part, has developed an immense capacity in technologies which are needed for the transition to a greener economy, and this is a central asset for international cooperation. Let me then repeat it: Brasil and Norway can do more together to work on environmental issues.

For its part, trade liberalization is another important factor to further strengthen our economic ties. At this moment, a genuine political effort is necessary to bring about the conclusion and signing of the trade negotiations between EFTA and Mercosul. Apart from the creation of new opportunities for trade and investments, only the agreement will ensure consolidation of the regulatory frameworks that have already forged the important partnerships we have achieved so far.



I turn now to the economic features.

Brazil posted a GDP increase of 4,6% last year. This means that we have been able to reinstate the pre-pandemic levels of output.

The external sector is also showing favourable results. Exports have been boosted by the recent rise in commodities' prices; and imports also grew with the resumption of industrial production. With the external trade in goods adding up to US\$ 500 billion, Brazil had last year a record trade surplus of US\$ 61 billion. External investments rose up to US\$ 58 billion, and the international reserves grew back to a level of US\$ 360 billion.

The Brazilian economy still suffers - nevertheless - from the effects of a deep recession in the years 2015 and 2016 followed by sluggish recovery thereafter. Combined with the effects of the pandemic, this situation is still showing its negative impacts. We are still at the same production level of 10 years ago and the GDP per capita dropped to about US\$ 7 thousand.

Unemployment is dropping but remains at a very high level of 12%, affecting the lives of 13 million persons.

The fiscal situation also improved. Public accounts showed a primary surplus of 1%, and the public debt decreased to a ratio of 80% of the GDP.

Inflationary pressures and unemployment are the main challenges faced by the Brazilian economy today; and the forecast for the next few years indicates a moderate rate of growth.

As a final remark, I would like to say that Brazil is a thriving democracy with solid and resilient institutions. In just a few months, 150 million voters will cast their choices in our general elections. As we celebrate 200 years as an independent Nation and prepare to decide who will lead the country in the years ahead, Brazilians renew their confidence in the future and our firm commitment to democracy, human dignity, and sustainable development.

These were the thoughts I wanted to share with you today; and many thanks for your attention