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COP26: DISCUSSIONS AND OPPORTUNITIES FOR BRAZIL

This year, from October 31st to November 12th, the 26th edition of the United Nations Framework Convention on Climate Change (UNFCCC), or, as it is more widely known, COP26, will take place in Glasgow, Scotland (UK).

Over the last few decades, the COPs have become the most important multilateral negotiation space for the commitments made in the area of climate change, as is the case of the Paris Agreement, an international treaty signed by more than 190 countries in the 2015 edition of the COP, with the goal of limiting the rise in the global average temperature to a maximum of 2°C compared to pre-industrial levels, striving to maintain it restricted up to 1.5°C.

This year, expectations are high for the COP26 negotiations. Its main goal is to conclude the negotiations on the Article 6 of the Paris Agreement, which deals with the creation of a global market for carbon credits. This instrument is considered essential by experts to reduce greenhouse gas emissions via economic incentives.

Check out the main expectations for COP26 and what opportunities are in store for Brazil.

THE ROLE OF COP26 IN THE GLOBAL SCENARIO

The Paris Agreement brought an important turning point for COP, which, since its creation, has defined how countries would achieve Nationally Determined Contribution (NDCs) under the Paris Agreement. COP26, scheduled to take place in Glasgow, Scotland, has some of the most ambitious goals yet.

According to the president of COP26, British MP Alok Sharma, this year's Conference aims to: define market instruments to reduce greenhouse gas (GHG) emissions through the regulation of Article 6 of the Paris Agreement; establish an agreement between countries to limit global warming to less than 2°C, keeping the goal of limiting this increase to 1.5°C; set a deadline for ending most coal use whose GHG emissions are not captured; ensure that developed countries meet their annual climate finance targets for developing countries; among others.

ARTICLE 6



Article 6 of the Paris Agreement deals with cooperation and regulation of a global carbon market, one of the main strategies to help countries reduce their emissions and achieve the established goals. Although countries agree on the creation of a regulated market, there is still no consensus on how it should be structured, due to, among other things, different interpretations of the text and the technical complexity of designing an instrument that guarantees environmental integrity. However, progress in the negotiation around Article 6 is treated as one of the main objectives of this edition of the COP.



BRAZIL'S MISSION

Historically, Brazil stands out as one of the main leaders on climate matters in international negotiations. Although it is responsible for about 3% of global carbon emissions, Brazil stands out for the role that its diplomacy has played in climate negotiations and forums, reinforced by its energy matrix predominantly from renewable sources and by the global interest in the preservation of Brazilian biomes - especially the Amazon.

In this edition of the COP, Brazil will have its largest physical hub so far at the event. According to the Minister of the Environment and head of the Brazilian delegation at the COP, Joaquim Leite, Brazil aims to defend its historical agenda of "common but differentiated responsibilities" between countries. In other words, the Brazilian delegation is expected to cover the commitment assumed by developed countries in the Paris Agreement to allocate climate finance resources to developing countries.

To ensure the good representation of the Brazilian position and to hear different positions across the sectors, the minister has scheduled meetings with different segments of society. Furthermore, in order to prepare the ground for negotiations and align the Brazilian position with its international partners, in recent months, the minister has been conducting an intense agenda of meetings with environment ministers from other countries and ambassadors.

In addition to the positions of the Minister of the Environment, it is worth mentioning the speech of the Minister of Economy, Paulo Guedes, at an event held at the International Chamber of Commerce (ICC), by the end of September, where the minister stated that the government will launch the "Green Growth Plan" (Plano de crescimento verde) at COP26, which will have US\$ 2.5 billion of investments in green economy infrastructure. "We want Brazil to be a green and digital power," said Mr. Guedes.

BRAZILIAN INDUSTRY AT COP26



The year of 2021 is critical for countries to increase their climate ambitions under the Paris Agreement. There is great expectation that the negotiations will be finalized, in particular the Rulebook and Article 6, at COP 26.

The industry sector considers essential to maintain the increase in the planet's average temperature to 1.5°C, and wants to take an active role in this journey.

One of the main points that still needs to reach consensus is the financial instrument established in Article 6 of the Paris Agreement. This Article deals with the creation of the Sustainable Development Mechanism, which establishes the global carbon market.

With fair and transparent rules, if properly operated, this mechanism will provide new business, investments and technology transfer to Brazil. Thus, it can be one of the solutions based on sustainable development for the generation of jobs and income in the country, especially in the post-covid-19 scenario.

- Mônica Messenberg, Director of Institutional Relations of CNI (Brazilian National Confederation of Industry)

PERSPECTIVES ABOUT THE TOPIC



The COPs brings important milestones in the global transition to a low carbon economy, which has increasingly gained the adherence and protagonism of the private sector as an engine of the necessary transformations and the creation of sustainable solutions.

The number of companies and sectors that set carbon neutrality goals has increased. For this, they invest in compensation through carbon credits and in new technologies and solutions that allow mitigating carbon emissions along the chain, aiming for net zero.

In some sectors, such as aviation, the acquisition of carbon credits to offset emissions and the adoption of technologies are some of the alternatives. Such voluntary measures will become mandatory in this decade. The main solution for the decarbonization of aviation in the coming decades is via biofuels. In Brazil, we have enough biomass and we have mastered the technology for producing biofuels on a large scale, including aviation biokerosene, but it is not enough to just have a renewable solution. It has to be sustainable. In addition to the environmental pillar, the social and economic pillars cannot be ignored. To be economically viable and ensure competitive costs, it needs to have scale; to have scale, it needs to have investments; to attract investments, it needs predictability; and to have predictability, it needs public policies.

The enormous potential that Brazil has for the production of green hydrogen is also impressive, with forecasts to be one of the largest producers in the world as early as next year, producing from the Brazilian state of Bahia to the world.

For this reason, COP26's effort to regulate the global carbon market will be of fundamental importance, as it can accelerate this reality of a low carbon economy for the entire world. For Brazil, which has the greatest biodiversity on the planet, availability of raw materials, enormous potential for the bioeconomy and one of the cleanest energy matrices in the world, the comparative advantages are in place so that the transition to a low carbon economy is a real opportunity to leverage the country's competitiveness and sustainable growth, generating green jobs and opportunities for the population and the productive sector.

- Marina Mattar, founding partner and CEO of Perspectivas

ABOUT PERSPECTIVAS

Perspectivas is a Communication & Institutional Relations consultancy specialized in advocacy strategy and image building based on the pillars of dialogue, ethics, and transparency, with a strong focus on ESG (Environment, Social & Governance) principles, especially in the Low Carbon Economy.

Access the previous editions of our newsletters, in Portuguese and English, at: www.perspectivasbr.com/newsletter

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