**Seminar “Brazil – US Business Relations in Florida”**

**Minister Bento Albuquerque – MME – 03/09/2020**

(ENGLISH)

SLIDE 1 – **INTRODUCTION**

GOOD AFTERNOON! IT IS A PLEASURE TO BE HERE TO SPEAK TO YOU ABOUT BIOECONOMY AND, IN PARTICULAR, ABOUT THE BRAZILIAN BIOFUELS POLICY, RENOVABIO, AND THE OPPORTUNITIES IT BRINGS FOR BRAZIL AND THE US.

TODAY I AM ACCOMPANIED BY MY INTERNATIONAL AFFAIRS ADVISOR, MR. PAULO PACHECO, AND BY THE DEPUTY DIRECTOR OF THE BIOFUELS DEPARTMENT, MR. GUSTAVO MOTTA.

SLIDE 2 - **BIOFUELS DRIVERS**

BIOFUELS BECAME A REALITY IN BRAZIL AFTER THE 1973 OIL SHOCK, WHEN OUR COUNTRY WAS 80% DEPENDENT ON OIL. IN RESPONSE, WE BEGAN OUR ENERGY TRANSITION WITH “PROÁLCOOL”, OUR FIRST ETHANOL PROGRAM, AND MAJOR INVESTMENTS IN HYDRO AND NUCLEAR ENERGY, WHICH ARE NOW REGAINING STRENGTH IN THE CLIMATE SCENARIO.

SLIDE 3 - **BIOFUELS: PART OF THE SOLUTION**

IN THE CASE OF BRAZIL, BIOFUELS ARE NOT ONLY PART OF THE ENERGY TRANSITION BUT THEY ALSO CONTRIBUTE TO SUSTAINABLE ECONOMIC DEVELOPMENT, TAKING INTO ACCOUNT THE POTENTIAL OF THE BRAZILIAN TERRITORY AND ITS CHARACTERISTICS. SUGARCANE, FOR INSTANCE, CORRESPONDS TO 17% OF OUR ENERGY MATRIX, ONLY BEHIND OIL DERIVATIVES.

**SLIDE 4 - ENERGY RELATED** **CO2 EMISSIONS**

IN THE GRAPHIC, AS WE CAN NOTICE, THE FOSSIL FUELS USED IN THE TRANSPORTATION SECTOR ARE THE LARGEST SOURCE OF CARBON EMISSIONS. ACCORDING TO THE INTERNATIONAL ENERGY AGENCY, CARBON EMISSIONS ARE EXPECTED TO INCREASE BY 2040, EVEN IF GOVERNMENTS MEET THEIR ENVIRONMENTAL TARGETS. IN OTHER WORDS, AS IT IS NOW, THE CURRENT SET OF GOVERNMENT POLICIES WOULD NOT BE ABLE TO MEET THE GOALS OF THE PARIS AGREEMENT. WE SHOULD THEREFORE GO FURTHER AND ADOPT NEW STRATEGIES.

SLIDE 5 **- MOTOR** **GASOLINE CONSUMPTION IN ENGINES (2017)**

IN THIS REGARD, BRAZIL AND THE UNITED STATES ARE IN A PRIVILEGED POSITION AND CAN MAKE A DIFFERENCE: WITH OUR PUBLIC POLICIES WE CAN CONTRIBUTE NOT ONLY TO THE REDUCTION OF EMISSIONS, BUT ALSO TO THE SUSTAINABLE ECONOMIC DEVELOPMENT.

SLIDE 6 - **EFFORTS OF BRAZIL AND US IN BIOFUELS**

A GOOD EXAMPLE OF THIS IS THE FACT THAT WE HAVE THE LARGEST BIOFUEL MARKET IN THE WORLD.

AS A RESULT, WE HAVE DONE AND WE WILL DO MORE FOR THE ENVIRONMENT THAN ALL OTHER GLOBAL EFFORTS IN THE ENERGY SECTOR.

SLIDE 7 - **ETHANOL SAVINGS AND CO2 AVOIDED**

PARTICULARLY IN THE CASE OF BRAZIL, IN THE PAST 50 YEARS, ETHANOL HAS ENABLED US TO SAVE 2.15 BILLION BARRELS OF OIL EQUIVALENT. THIS IS EQUIVALENT TO NEARLY TWO YEARS OF BRAZIL’S OIL PRODUCTION.

AS IMPORTANT AS THIS SAVING IS THE FACT THAT MORE THAN 1.3 BILLION TONS OF CO2 EMISSIONS WERE ALSO AVOIDED, WHICH CORRESPONDS, FOR EXAMPLE, TO APPROXIMATELY TWO YEARS OF TOTAL EMISSIONS FROM FRANCE.

SLIDE 8 - **WHAT COMES NOW?**

IN BRAZIL, BIOFUELS ARE INCREASINGLY PRESENT IN THE ENERGY MATRIX, PROVIDING FOR THE DEVELOPMENT OF NEW TECHNOLOGIES AND ENCOURAGING MORE EFFICIENT AND CLEANER VEHICLE PLATFORMS.

SLIDE 9 - **WHAT WE HAVE BEEN DOING**

AND WHAT HAVE WE BEEN DOING ABOUT IT?

WE HAVE BEEN SEEKING SOLUTIONS BASED (i) ON THE REDUCTION OF EMISSIONS, (ii) ON THE INCENTIVES OF ENERGY EFFICIENCY AND (iii) ON THE PREDICTABILITY FOR INDUSTRY AND MARKET.

WITH THESE PRINCIPLES IN MIND, WE HAVE DESIGNED OUR NATIONAL BIOFUELS POLICY: **RENOVABIO.**

SLIDE10 - RENOVABIO **CONCEPT**

RENOVABIO BECAME OPERATIONAL AS OF JANUARY 2020.

AND HOW DOES IT WORK?

IT CONVERTS THE SOCIAL AND ENVIRONMENTAL COSTS OF FOSSIL FUEL USE INTO REVENUES FOR BIOFUEL PRODUCERS, PROVIDING THEM WITH EFFICIENCY INCENTIVES FOR THEIR SUSTAINABLE GROWTH.

FOR THAT PURPOSE, WE HAVE SET TARGETS FOR THE FUEL MARKET FOR 10 YEARS AND WE ARE CERTIFYING THE PRODUCTION OF BIOFUELS BASED ON LIFE CYCLE ANALYSIS.

BIOFUEL PRODUCERS RECEIVE EFFICIENCY SCORES WHICH ARE CONVERTED INTO CREDITS, THE **“CBIOS”**.

THESE CREDITS ARE TRADED ON THE STOCK MARKET, INCLUDING WITH FUEL DISTRIBUTORS, WHO MUST ACQUIRE CBIOS IN ORDER TO PROVE THEY MET THEIR GOALS IN THE PROGRAM.

SLIDE 11 - **WHAT DOES CBIO REPRESENT?**

TO GET AN IDEA OF WHAT THIS REPRESENTS, 1 CBIO IS EQUIVALENT TO 1 TON OF EMISSIONS AVOIDED, OR 7 TREES IN TERMS OF CARBON CAPTURE.

AND THE TARGET TO BE ACHIEVED BETWEEN 2020 AND 2029 IS TO AVOID ABOUT 700 MILLION TONS OF GREENHOUSE GAS EMISSIONS, WHICH REPRESENTS THE PLANTING OF 5 BILLION TREES! A NUMBER COMPARABLE TO ALL TREES IN DENMARK, IRELAND, BELGIUM, THE NETHERLANDS AND THE UNITED KINGDOM!

SLIDE12- **RENOVABIO: A MARKET SOLUTION**

BESIDES BEING EXTREMELY IMPORTANT FOR EMISSIONS CONTROL AND ENERGY TRANSITION, RENOVABIO IS A MARKET SOLUTION, BECAUSE IT IS NOT A SUBSIDY, IT DOES NOT RAISE TAXES AND IT GENERATES MORE COMPETITIVENESS AND EFFICIENCY FOR THE FUEL SECTOR, WHICH CONTRIBUTES TO REDUCE COSTS FOR INDUSTRY AND PRICES FOR CONSUMERS. IT ALSO ENCOURAGES AGRIBUSINESS, WITH CONSEQUENT REDUCTIONS IN CARBON EMISSIONS.

IN SHORT, IT IS THE BRAZILIAN CARBON CAPTURE MACHINE!

SLIDE 13 - **POSITIVE SIGNS OF RENOVABIO AND INVESTMENTS**

IN 2019, WE REGULATED THE PROGRAM AND APPROVED INVESTMENTS IN INCENTIVATED PRIORITY PROJECTS THAT ALREADY AMOUNT 1.5 BILLION DOLLARS. IT IS EXPECTED THAT THIS AMOUNT REACHES 2.5 BILLION DOLLARS TO THE END OF 2020.

FOR THE NEXT 10 YEARS, INVESTMENTS OF APPROXIMATELY 223 BILLION DOLLARS ARE REQUIRED IN ORDER TO MEET THE ESTABLISHED GOALS.

SLIDE 13 - **POSITIVE SIGNS OF RENOVABIO AND INVESTMENTS (cont.)**

THESE INVESTMENTS ARE ONLY THE BEGINNING OF A CYCLE OF PROSPERITY THAT STARTED OFF WITH THE CLEAR DEFINITION OF THE ROLE OF BIOFUELS IN THE NATIONAL ENERGY MATRIX PROMOTED BY RENOVABIO.

TO SUPPORT THE BIOFUELS SECTOR IS A STRATEGIC OPTION OF THE FEDERAL GOVERNMENT FOR THE SUSTAINABLE DEVELOPMENT OF OUR COUNTRY, AS DESCRIBED IN OUR DECENAL ENERGY PLAN WHICH IS UPDATED ANNUALLY.

SLIDE 14 - **BRAZIL-USA BIOFUELS ALLIANCE**

LADIES AND GENTLEMAN,

THANKS TO OUR SUCCESSFUL ENERGY TRANSITION PROGRAMS AND POLICIES BRAZIL AND THE UNITED STATES ARE DESTINED TO CONSOLIDATE AN ALLIANCE IN FAVOR OF BIOFUELS.

IT IS HIGH TIME WE CONNECTED OUR LOW-CARBON FUEL POLICIES TO TURN OUR DECARBONIZATION CREDITS AND OUR BIOFUELS INTO INTERNATIONAL *COMMODITIES*.

BY THE WAY, I MUST REMIND YOU THAT U.S. ETHANOL CAN BE CERTIFIED IN RENOVABIO. IN THE PROCESS THAT DEFINED THE CERTIFICATION METHOD IN BRAZIL THE THREE MAIN ASSOCIATIONS OF ETHANOL PRODUCERS IN THE UNITED STATES HAVE ALSO CONTRIBUTED.

SLIDE 15 - **FINAL REMARKS**

BRAZIL AND THE UNITED STATES BET ON DIVERSIFYING THEIR ENERGY MATRIXES AND ARE A GOOD EXAMPLE FOR THE WORLD.

WE MUST STRENGTHEN OUR BIOFUELS AGENDA.

I INVITE YOU ALL TO JOIN EFFORTS IN THIS ALLIANCE, WHICH WILL BRING SOCIOECONOMIC AND ENVIRONMENTAL GAINS TO OUR COUNTRIES AND TO THE WORLD.

SLIDE 16

**THANK YOU VERY MUCH!**