



# Private Sector supports carbon pricing in Brazil

## >> OPEN LETTER

With more than 400 companies from various economic sectors, we represent 90% of the market cap in Brazil.

We acknowledge that climate change is one of the greatest challenges to be overcome by humankind in this century, and the Paris Agreement was the cornerstone to establish an international commitment to keep the global average temperature increase below 2°C, with efforts to limit it to 1.5°C. Therefore, the public and private sectors along with the civil society share the responsibility to pave the way towards the reduction of greenhouse gases emissions (GHG) and to evolve towards the building of a low-carbon economy.

We, corporate leaders, support the establishment of a carbon pricing mechanism suitable to the national economy and the country's GHG emissions profile. This mechanism must boost investments, assure companies' competitiveness, and drive low-emission technological innovation in Brazil. Therefore, even in the absence of a mandatory public mechanism for such reduction and understanding the scope and urgency of the aforementioned challenge, we have accomplished important endeavors to reduce our GHG emissions. In the last three years, our projects have prevented the emission of 31 million tCO<sub>2</sub>e, equivalent to 2% of Brazilian emissions in 2015, and we know we can do much more.

The cost of delayed action is far superior to dealing with this matter soon. We must act now in order to achieve low-carbon goals in the long term. The scenarios foreseen for Brazil already show that multiple low-carbon technologies will only become viable after establishing a price on GHG emissions.

Neighboring countries such as Chile, Mexico and Colombia have already implemented domestic carbon pricing mechanisms. Along with Peru, they have reached agreements with jurisdictions in the United States and Canada to develop regional carbon pricing mechanisms that would allow significant discounts in the cost of reducing emissions, which has

inspired a greater level of ambition and enhanced these nations' competitiveness in the technological development scene.

The Carbon Pricing Leadership Coalition (CPLC), a World Bank global initiative that supports the adoption of carbon pricing mechanisms, has a very clear message and we have heard it: carbon pricing is an essential component in the strategy of efficiently reducing GHG emissions. Hence, setting a price on carbon will be critical for fulfilling the Paris Agreements and the Sustainable Development Goals (SDGs), promoting a sustainable development and economic growth.

We are available to support, in whatever necessary, the implementation of a carbon pricing mechanism that is appropriate for Brazil<sup>1</sup>, we reinforce what has been asserted in the "Statement on carbon pricing mechanisms in Brazil – 2016"<sup>2</sup> and we endorse the following:

- i. The incorporation of carbon pricing on climate policies;
- ii. The creation of structures that promote investment in low-carbon assets in Brazil, currently and in the future, transparent in regards to finance and investments;
- iii. The assurance that tools and measurements that effectively integrate risks and opportunities of GHG emissions in financial assessments are applied.

**As leading companies in this process, we propose to:**

- i. Adopt internal carbon pricing as an instrument for business decision-making. Monitoring and adjusting them whenever possible;
- ii. Cooperate with the public sector and other companies, especially those in our value chain, by disseminating good practices, exchanging experiences and partnerships, and aiming to engage them in the debate;
- iii. Whenever possible, publicly report our initiatives towards carbon pricing and drive cooperation in the entire private sector, contributing to increase synergy with other social and economic fields. The report of our experiences and outcomes should contribute to fulfill the future commitments taken on by the public sector, raising the country's position in the international market.
- iv. Become the spokespeople for environmental, social and economic benefits from the adoption of carbon pricing mechanisms and the advantages that a low-carbon economy can bring to Brazil.

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<sup>1</sup> Carbon Pricing: What the business sector needs to know to position itself?  
[http://cebds.org/wp-content/uploads/2016/11/ENG\\_GuiaPrecificacao\\_WEB-1.pdf](http://cebds.org/wp-content/uploads/2016/11/ENG_GuiaPrecificacao_WEB-1.pdf)

<sup>2</sup> Statement on carbon pricing mechanisms in Brazil – 2016  
<http://200.201.177.46/Dados/Arquivos/PosicionamentoCarbono1.pdf>

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