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UK-Brazil

CONVERSA

2024

Conference Summary



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About the Conversa

The UK-Brazil Conversa is a dialogue between policy makers and influencers, business leaders, academics, diplomats and governments, to help build closer relations and contacts between the UK and Brazil. Founded in 2014, by Alan Charlton CMG CVO, the former UK Ambassador to Brazil, the Conversa brings together influential people from a variety of backgrounds to discuss key issues pertaining to UK-Brazilian relations.

Alternating between the UK and Brazil, participation is by invitation only. It is supported by both the Brazilian and British governments, and Canning House - the UK's leading forum on Latin American politics, economics, and current affairs - is the secretariat. The 2024 edition was held in São Paulo.

The UK-Brazil Conversa 2024 was held in partnership with Fundação Getulio Vargas and Anglo American, and supported by Diageo, Britcham Brasil and the Brazilian Chamber of Commerce in Great Britain .



Opening Remarks and Keynote Speeches

This year's Conversa opened with some reflections on priority areas for both the UK and Brazilian governments, and identified key areas in which the UK and Brazil could potentially work closer together in order to achieve mutually beneficial goals, including: addressing climate change; improving access to sustainable finance; transitioning towards green energy; utilising technology for the benefit of society and industry; transitioning towards more sustainable development models; and strengthening the role of multilateral fora to address global challenges such as pandemics and armed conflict. Whilst acknowledging that differences between the two countries exist on certain issues at a political level, that did not diminish the good will between both countries and a desire to collaborate more broadly.



PANEL ONE

Geopolitics & global governance: Shared perspectives between Brazil & the UK

The first panel opened with some reflections on the geopolitical relationship between the UK and Brazil, touching on their differing positions on global issues and the challenges posed by China's growing influence in Latin America. The potential for strengthening UK-Brazil relations was addressed throughout, highlighting opportunities for collaboration despite existing differences.

The complexities of the current geopolitical landscape were addressed in great detail, highlighting the increasing multipolar world order and the assertiveness of emerging powers. The UK was described as a global power with nuclear capabilities, while Brazil was characterised as a regional power with aspirations to be a global power. It was acknowledged that on many important issues, the UK and Brazil have divergent and often conflicting opinions, such as their respective positions on the conflicts in Ukraine and the Middle East.

Brazil's growing economic dependence on China was addressed, with speakers emphasising the opportunities, but also the challenges posed by China's lack of transparency and the potential security risks associated with more profound collaboration. It was suggested that a more nuanced approach to the role of China in the region, as well as the differences posed by contemporary geopolitical challenges, is required.

The ongoing negotiations for a Mercosur-EU agreement were mentioned, emphasising that a successful agreement would strengthen Europe's position in Latin America, whilst cautioning that it may still take some time to enter into force, and that the EU has become less free trade instinctive without the UK. The potential for increased trade between Britain and Latin America, particularly Brazil, following Brexit was also discussed, with the UK now having operational flexibility to pursue bilateral trade deals on its own.

Whilst there are strong historical ties between both nations and plenty of goodwill to collaborate on areas that are mutually beneficial - such as tackling climate change, climate finance, and trade - the difference in opinion on some of the more important geopolitical issues was identified as an area of concern for both the UK and Brazil, and bridging these differences could potentially prove difficult.

PANEL TWO

Strategies and Key Priorities for Driving the Energy Transition in the UK and Brazil

During this session, Brazil's ambitious climate policy was discussed in detail, including plans for decarbonisation, renewable energy, and sustainable agriculture. The challenges and opportunities in transitioning to a carbon-neutral economy were highlighted, emphasising the need for coordination, investment, and regulatory support. Efforts by the private sector to reduce their carbon footprint through efficient production methods and the potential for biogas production in Brazil, were addressed, while acknowledging the complexities and costs of the transition.



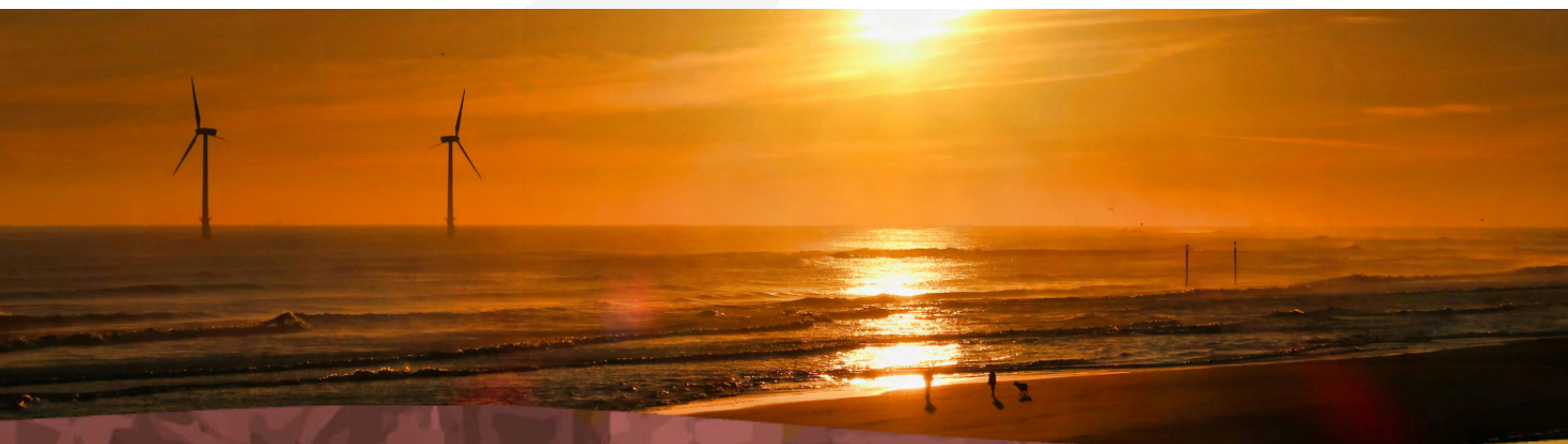
Brazil's aim to become carbon-neutral by 2050 was addressed, including plans for decarbonisation in transportation and restoring degraded lands. Commitments to zero deforestation by 2030 and increasing agricultural production without using more land were highlighted. The importance of achieving a negative carbon footprint in the private sector was emphasised, showcasing Brazil's potential in renewable energy such as bioethanol and the need for more efficient oil and gas exploration and production methods.

The challenges and opportunities in transitioning to a carbon-neutral economy were detailed, focusing on Brazil's high greenhouse gas emissions from deforestation and agriculture, and the need to address these issues. Conversations highlighted Brazil's significant renewable energy potential and the coordination and investment required to facilitate the transition. Opportunities in biofuels, biogas, sustainable aviation fuels, and green hydrogen, which could drive growth in related industries, were also discussed.

The importance of regulatory frameworks, industrialisation, and demand from countries like the UK and EU to support this transition was acknowledged. The need to secure resources like nickel and copper for renewable energy production and the tension between long-term energy goals and traditional industry development were highlighted.

The transition to renewable energy sources in the mining sector was emphasised, focusing on the need for increased production without added costs and creating initial demand. It was suggested that hydroelectric power could be used for tailings storage, and improved communication about the role of mining companies in the energy transition is required, as perceptions often do not match reality.

Industrial planning and demand forecasting in Brazil's energy sector were stressed, focusing on understanding opportunities, risks, and financing research. The need for robust regulation amid the complexities of financing and enabling the transition involving multiple solutions like carbon capture and storage, sustainable fuels, and hydrogen from various sources was also covered. While the significant overall cost of the energy transition was acknowledged, concerns over Brazil's capacity were allayed, provided it pursues a combined strategy involving capable regulators, financial institutions, and the private sector.





PANEL THREE

Technological Transformation – How digital developments and access are changing ways of life

During this session, panellists discussed the impact of technology on daily life. Conversations focused on the importance of AI in enhancing customer experience, the need for collaboration between public and private sectors to leverage technology for the benefit of people, and the challenges in terms of productivity and innovation. The session also touched on the importance of education, the need for diverse leadership in technology development, and the potential for greater collaboration between the UK and Brazil on tech issues.

Panellists first addressed the impact technology is having on daily life, highlighting the transformation of Brazil's financial system in recent years, before discussing the importance of AI in enhancing customer experience and the potential for rapid technological advancement in Brazil and the UK. The profound impact of technology on society in both countries was discussed, along with the importance of education in preparing for these changes.

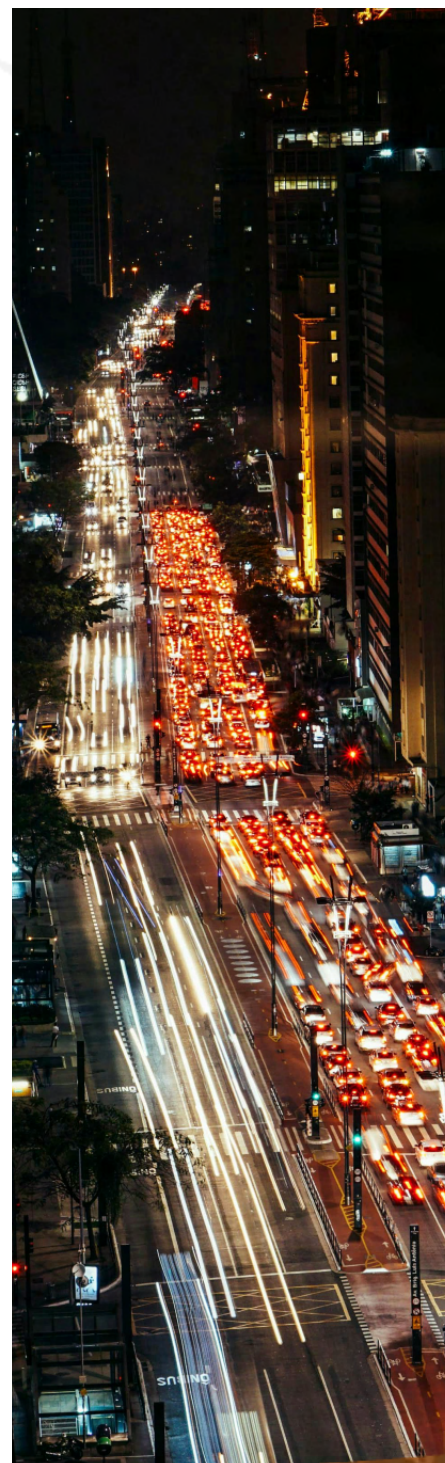
AI anxiety, particularly in Latin America, where it is estimated that only 10% know how to use AI despite 63% knowing what it is, was addressed. The need for technology to be meaningful and the importance of understanding user perspectives were emphasised. The challenges of presenting AI tools to professionals and the need for meaningful implementations were also highlighted.

The lack of women's representation in the technology industry and accessibility issues in Brazil compared to other emerging powers like China were discussed. The need for balance, critical thinking, and systemic understanding was highlighted. Potential UK-Brazil collaboration to increase technology adoption was also suggested.

The many challenges posed by Brazil's inadequate physical and digital infrastructure compared to that of the UK, particularly internet connectivity and hardware access, were discussed, emphasising the need for better infrastructure and education to enable growth and productivity. High productivity rates were attributed to investment in education. Brazil's productivity and innovation challenges, highlighting the gap between economic and scientific systems, were deliberated, with discussants stressing the need to shift from mechanical to cognitive tasks and prepare senior professionals for the AI revolution.

The need for customer-centric technology, achieving significant savings and productivity gains, was highlighted. The conversation also covered the use of AI for automating litigation and digital divide challenges, the need for digital literacy, and AI security standards.

Technology and cultural factors impacting Brazil's productivity were addressed in detail. Low productivity due to poverty and hyperinflation was highlighted, with it being acknowledged that access to cheaper technology and education could help to improve things. The importance of developing AI with a vision for equity and justice and the need for diverse voices in the industry was also addressed.



PANEL FOUR

Societal trends and their impact on Brazil and the UK

This session focused on social trends and their impact on society in both the UK and Brazil. The panellists discussed various topics, including gender roles, political polarisation, demographic changes, and the effects of social media on communication and community. It also touched on the importance of innovation and technology in the pharmaceutical industry, and the relationship between religion and politics.



One of the main themes of the session was the evolution of gender roles over time, particularly in Brazil. It was noted that the average number of children per woman has decreased from 5 to 1.8 in recent decades. The challenges faced by women in positions of power were highlighted, using Brazil's global ranking for women in politics as an indicator.

For the UK, two significant trends were highlighted: the increasing importance of social values in determining political preferences over traditional economic questions, and the growing polarisation between younger, more liberal generations and older, more conservative ones. Demographic changes, such as an aging population, declining religiosity, and increasing university attendance, were also discussed. While the UK has become more socially liberal overall, a core group of conservative voters remains, making social issues a battleground in politics.

The session also addressed the challenges countries face in gathering accurate and reliable data. Structural inequalities in Brazil's labour market and the need for policies to address gender and race disparities were noted. The importance of mental health at work and Brazil's high-income inequality based on the Gini Index were mentioned. Social indicators in Brazil's cultural and creative economy were discussed, emphasising the need for accessibility, especially in rural areas, and the potential for technology to provide digital access in remote areas. Brazil's economic transition from hyperinflation to stability was also covered, with poverty and inequality remaining concerns. Demographic trends like urbanisation and an aging population were noted.

The importance of bridging gaps between perceived and actual security data was mentioned, with the recommendation that multiple sources of information should be considered when compiling statistics, not just official government data, and that clear communication is required to address the most important population concerns in both countries.

The impact of the internet and social media on society, communications, and communities in both countries was discussed, taking into consideration shifts in religious affiliations and the potential for political polarisation. The importance of innovation and technology in the pharmaceutical industry was also mentioned, particularly in Brazil's production of generic medicines.

Furthermore, the relationship between religion and politics, evolving views on gender equality, and the multi-dimensional nature of social phenomena in Brazil were discussed. The importance of genuine and strategic conversations about women's leadership and career development was also touched upon.





PANEL FIVE

Climate Disasters: Risks, Preparedness, Prevention, Mitigation, Response, and building resilience. Perspectives from the UK and Brazil

This session focussed on climate change and its impacts, emphasising the need for resilience and adaptation in building structures to withstand climate change. The panellists discussed the challenges faced by Brazil and the UK in the global climate change context, the importance of sustainable agricultural practices, and the need for effective communication and policy acceptance. They also highlighted the significant role of agriculture, the need for infrastructure improvements in Brazil, and the potential for promoting sustainable practices through incentives and partnerships.

The first part of the discussion focused on climate change and its impacts, emphasising the need for resilience, mitigation, and creative thinking when designing and constructing new buildings that can withstand the effects of climate change. The potential impact of a legal case in the English courts on UK-Brazil relations was noted, highlighting mechanisms that are in place to ensure environmental rules are observed.

It was suggested that businesses need to invest in prevention and training to mitigate disaster impacts. Many companies wait for disasters before acting, despite high risks. The importance of duty of care to employees and shareholders, and planning for predictable climate issues, was emphasised.

Brazil's carbon capture potential and challenges were detailed, noting that Brazil could capture 1.2 gigatons of carbon through sustainable agriculture, offsetting emissions. Challenges and opportunities in restoring 40 million hectares of degraded pastures, with a US\$120 billion investment, were discussed. The need for green finance and a robust carbon market were also mentioned, along with potential for increasing the amount of sustainable aviation fuel from sugarcane and macauba.

Brazil's growing role as a net food exporter, feeding an estimated 800 million people globally, was highlighted. Challenges of urbanisation, federal power concentration, and convincing poor communities to relocate due to climate change were discussed. Inclusive planning and community concerns were also stressed. Criticism was directed towards Brazil's agricultural sector's role in deforestation, which contributes significantly to global carbon dioxide emissions annually, and European policies that pose obstacles to Brazil's industries and agriculture were mentioned. Awareness of new European supply chain accountability rules was also recommended.

It was suggested that the Brazilian government's communication strategy on environmental issues, particularly deforestation and climate change, needs improvement. Organised criminal groups' influence on environmental crimes was highlighted. Transparency and traceability could help track and prevent such activities, and it was mentioned that an alliance of 12 countries, including Brazil, was launched to address organised crime.

It was agreed that more creative solutions and financial support from the global community are needed for the Amazon region. Job creation and opportunities for locals, enforcing existing regulations, and leveraging green finance for sustainable investments were discussed, and a shift in mindset, viewing climate regulation as a state matter, was called for.

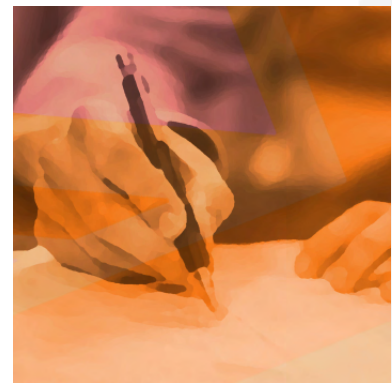
It was acknowledged that agriculture contributes significantly to Brazil's GDP, but that infrastructure improvements, necessitating a spend of many billions of US\$ in value, are needed.

Promoting sustainable practices like non-tillage methods, used on 36 million hectares, was suggested. Incentives for sustainable practices and the need for more partnerships were emphasised, as was the importance of operational realities in effective policy and regulation.

PANEL SIX

Deepening economic ties: Collaboration between UK and Brazil in emerging industries and the future knowledge economy

This panel discussion primarily focussed on the potential for increased bilateral trade between the UK and Brazil, particularly in emerging industries such as fintech, agritech, and clean tech, especially renewable energy and hydrogen production. The importance of the recently signed Double Taxation Agreement was discussed, as well as the potential for closer collaboration between the UK and Brazilian business communities and governments. The conversation also touched on the challenges of access to capital, regulatory frameworks, and problems accessing the Brazilian market in general.



The potential for increased bilateral trade between the UK and Brazil was discussed, highlighting recent notable investments between the two countries. The need to build on this success, particularly in emerging industries, was emphasised, suggesting potential for collaboration in fintech, agritech, and clean tech. The UK's success in fostering innovation was mentioned, along with the suggestion to work with Brazil on long-term infrastructure financing. The potential for investing in Brazilian technology companies and the need for further investments were also discussed.

The importance of access to capital, and regulatory frameworks were mentioned, and challenges such as tariffs, taxation, and availability of capital were highlighted. It was suggested that the UK could strengthen its trade relationship with Brazil, particularly in areas like infrastructure, mining, and green investments. Interest was expressed in how private companies and public initiatives could work together, given their similar objectives. The UK's export finance offer and its potential for growth in the infrastructure investment sector in Brazil were discussed. It was suggested that Brazil could benefit from a similar ecosystem environment as the UK, despite its larger size, and the pharmaceutical industry was identified as a promising sector in both countries.

The UK's domestic strategies, such as decarbonising its power system by 2030 and the National Wealth Fund, were highlighted as opportunities for collaboration with Brazil in renewable energy and hydrogen production. Opportunities for both countries to collaborate on next-generation energy sources like offshore wind, solar, biofuels, and green hydrogen were highlighted. Brazil's potential for biogas and biomethane production was mentioned. The UK's shift towards subsea, offshore wind, and biogas was noted, and a project converting sewage sludge into biogas energy in Brazil was highlighted.

The recent signing of the Double Taxation Agreement (DTA) and its potential to stimulate major investments from British companies in Brazil was addressed. The importance of the DTA - which has been signed but not yet entered into force - was firmly emphasised, along with the need for the business community to be vocal about it. It was suggested that UK and Brazilian businesses should make the case for the DTA to be ratified quickly, highlighting its potential to increase UK investment in Brazil and boost the Brazilian economy. The potential for closer collaboration between the UK and Brazilian business communities and governments was discussed, as well as the importance of regulation in facilitating business growth.

The possibility of sharing and harmonising regulations, mutual recognition agreements, ongoing work on infrastructure and energy regulation, and the need for a two-way conversation between businesses and regulators, was also touched upon. Upcoming conferences in London aimed at fostering business and trade between the UK and Latin America were also promoted.



PANEL SEVEN

Innovation & Sustainability in the Health, Life Sciences and Pharma sectors: Areas of collaboration for the UK and Brazil

The panel addressed collaboration between Brazil and UK in the area of innovation and sustainability in the health, life sciences, and pharmaceutical sectors, highlighting opportunities and challenges in research, innovation and technology transfer. Bureaucratic obstacles and the need to improve integration between research departments, laboratory quality and long-term vision in product development were discussed, with the speakers emphasising the importance of international partnerships, training in areas such as neglected diseases and the need for predictability and legal certainty to boost the Brazilian pharmaceutical sector.

The session provided an overview of key areas of collaboration between the UK and Brazil in the health, life sciences, and pharmaceutical sectors, highlighting opportunities in sustainability, innovation, the transformation of health systems, and the expansion of clinical research. The similarities and differences of the respective healthcare systems in both the UK and Brazil were highlighted, and successful partnerships in the areas of pharmaceutical and clinical research were also brought to the attention of the audience, such as the development of the vaccine against COVID-19. The importance of overcoming bureaucratic obstacles to accelerate research and innovation, particularly in the Brazilian pharmaceutical sector, was also discussed.

The lack of innovation in the area of vaccine production, particularly in Brazil, was highlighted, with the need to improve integration between research departments, the quality of laboratories and the long-term vision in product development, being identified as areas that need attention. Priority areas for collaboration between Brazil and the UK were addressed, including discussions around regulatory harmonisation, the evaluation of new technologies, as well as the challenges in research and development of products for neglected diseases.

The transfer of technology seen during the COVID-19 pandemic was highlighted as a good example of mutually beneficial collaboration that had much wider benefits for the international community beyond both countries. But the challenges of technology transfer and innovation in Brazil were also discussed, highlighting the need for predictability, legal certainty and a better understanding of commercial logic by government agencies. Topics such as difficulties in Productive Development Partnerships (PDP), bureaucratic obstacles at government agencies and the complexity of establishing agreements for licensing technologies were addressed at length.

The discussion also explored the importance of international partnerships and co-development; capacity building in addressing specific challenges such as developing vaccines, and combatting dengue fever, neglected diseases and malaria; and the need for long-term evidence-based policies.

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