



14 July 2010

EU-BRAZIL BUSINESS SUMMIT

ADDRESS BY JORGE ROCHA DE MATOS, PRESIDENT OF AIP

On behalf of AIP and BusinessEurope, I thank very much

- CNI, the National Confederation of Industry
- And in particular Robson Andrade, President of CNI

Thank you for so graciously hosting us in these fabulous surroundings.

Also my thanks to:

- the Federation of Enterprises of Belgium
- and in particular Mr. Pierre-Alain De Smedt

You have brought an excellent delegation from Europe to the new world. I would like to welcome all the high level delegates from the EU. Your presence reflects the importance the EU attaches to our bilateral relations with Brazil.

Europe's is an economy that thrives on foreign trade and investment - in both directions. Not only is your country an important export market and investment destination for European companies, we also see Brazil as a vital example of how to marry economic development, social progress and stability all together. The international dimension is vital for BUSINESSEUROPE, each of our members and for EU companies at large.

We are very happy to be here as your guests.

The story of the European Union itself is one of tearing down barriers to international commerce and bringing companies from different countries together in an integrated market. It is this mission that we continue through events such as this.

Deepening ties with fast growing countries, like Brazil, are at the centre of our strategy. Especially in this post-crisis world in which the sluggish growth in Europe and the US rely on the strong growth in emerging countries. Growth in Asia and Latin and South America will enable us to emerge from the recession and go towards growth.

It gladdens me to hear that the relationship with Europe is also a priority for Brazilian business.

We already have a strong relationship. In 2008 - one of the worst years for international trade - our flows grew by 15%. Investments also remained strong, with flows from the EU to Brazil of €17 billion in 2007. In late 2009 and early 2010



investment picked up. Trade declined by 24% in 2009 but has been picking up strongly in 2010, especially from the EU to Brazil due to the cheaper Euro.

But there is always room for improvement. We have an important agenda for cooperation, because we want to strengthen both our bilateral relationship, and our relationship with the rest of the world.

I would like to make a few points

1. The financial system.

2008 and 2009 have been difficult years for all of us. Talks are still ongoing on reducing the risk in the financial system. The USA has passed a finance bill, Germany has temporarily banned naked short selling and naked credit-default swaps of euro-area government bonds. Basel 3 is being discussed in the international context.

As business we agree that we must reduce risk in the financial system, that new, proportional regulation is necessary and that we must vastly improve international coordination. We need strong alliances and a strong business community. Only access to finance will enable companies to invest and create jobs.

Brazil and the EU must continue to cooperate to ensure that the government intervention in the economy does not create competitive distortions, that exit strategies are coordinated and that rules on taxation and investment remain transparent and clear and fair to all players.

2. Energy and climate.

The EU has embarked on the most ambitious climate policy program in the world: By 2020 we want to reduce 20% of greenhouse gases and generate 20% of energy by renewable sources.

This does not come for free. The direct cost of mitigating emissions is estimated at 91 billion Euros per year in 2020. Electricity supply costs for companies will substantially increase. However, European industry and energy sectors account for only 6.5% of global emissions.

Brazil has played an impressive leadership role in renewable energies, notably in the ethanol fuel for cars. EU has taken great steps in the fields of renewable energy. There is much we can learn from each other.

Though Copenhagen did not result in the outcome that we wanted, it is crucial that we support and work towards a new agreement in Cancun, December 2010. It must ensure that all major economies – Brazil without doubt is one of them – to make equivalent efforts to that of the EU.



And we, as businessmen and –women, should be aware, that our companies do not only have responsibilities in this area: we also have many opportunities. We have much to gain from the transition to a low carbon economy.

The key principles that we put forward prior to the Copenhagen agreement broadly remain for Cancun:

- A level playing field.
- Common but differentiated responsibilities.
- Technology transfer that promotes innovation.

3. Trade negotiations.

The international trading system needs a boost. We are climbing out of the deep hole in which trade plummeted to catastrophically low levels. We have thankfully seen a short increase in trade in 2010 and we have thankfully not seen a disastrous turn to protectionism, but the recovery is far from ensured. Global markets remain anxious and we cannot afford to hit a double dip recession. We need trade to play a constructive role in getting the world economy back on track. We need to get to a DOHA deal in 2010. A deal that will provide real new market access for all economies globally. Today we have the chance to put our minds together to see how we can achieve that.

We also have to work hard on our region-to-region negotiations for a free trade agreement between the European Union and MERCOSUR. Business warmly welcomed the relaunch of the EU-MERCOSUR negotiations and will do everything it can to push both the EU and Brazilian authorities to come to a satisfying result that will open markets and reduce costs to businesses. On the EU side business has actively supported the Commission's work on furthering the negotiations, making sure the talks will not be overshadowed by the concerns of the agricultural sector, which represents but a small part of the production and labour force in both EU and Brazil.

4 - Our bilateral relationship.

I am delighted that these annual summits have been reinforcing the ties between our economies for the last four years. We should continue to deepen this relationship. Our proposal in Stockholm for a joint tax council has been taken up and the result has been positive. We should move forward to create more initiatives like this and continue to improve the existing ones.

So, ladies and gentlemen, thank you again for your invitation to visit your nation's capital. I wish all the round table participants a very fruitful debate on the important topics that will bring EU and Brazilian business closer together.
