



Speech

SFIC workshop: APPROACHING BRAZIL Belgian Federal Science Policy Office (BELSPO) Eleonora Catella

Dear Ladies and Gentlemen,

Thank you for your kind invitation to this workshop.

My intervention today will present the conclusions of the sixth EU-Brazil Business Summit, organized jointly with EUROCHAMBRES and CNI, the Brazilian confederation of industry, which was held on 23 January in Brasilia, on the eve of the EU-Brazil Political Summit. The event had a focus on how to allow for greater innovation and competitiveness, and how to create bilateral cooperation opportunities that would increase innovation.

The agenda was set to identifying the priorities in our bilateral economic cooperation in order to maximize our potential economic growth as well as give new impetus to the EU-Brazil Strategic Partnership so that it delivers concrete results for our businesses.

I will start by sharing with you BUSINESSEUROPE's perspectives about the significance of Brazil for European companies, then I will present the key measures identified at the summit to maximize investments and trade.

Brazil is a fantastic trade and investment partner. A country that is the largest economy of Latin America. In 2011, its trade with the EU accounted for 37% of the EU's total trade with the Latin American region.

And continues growing. Brazil has a strong economy that is experiencing at the same time a steady growth and a competitive challenge in the medium-long term, represented by high energy prices and comparatively high cost of labour. Brazil is trying to adopt programmes that would promote the long-term competitiveness of its enterprises and has heavily invested in infrastructures.

Our trade relationship has been very dynamic and fruitful in the past years, although in 2012 the economic performance of the EU and Brazil has been below expectations and investments in both directions decreased. This is of course partially due to the global crisis and the contraction of demand. The European business community wants the economic trends to take up again and our positive economic relationship to prosper further.

The economic relationship is a complementary one. The EU runs a surplus in

services trade and Brazil has a surplus in goods trade. Brazil continued exporting primarily raw materials, food and drink. But at the same time Brazilian companies are increasing their competitiveness on the European market.

There are still many opportunities to boost trade and investment through further tariff liberalization, regulatory cooperation, opening procurement markets and promoting investments in particular in science and technology, and research and innovation programmes.

What are the most needed measures that would stimulate trade and enable investments?

On investments, participants to the Summit recognized that firstly, efforts should be made to create a favorable climate for private sectors investment through the formulation of sound and stable macroeconomic policies and the predictability of rules and regulations. There is a need to improve the Brazilian tax system on services imports and reduce the tax burden on investments.

The new Brazilian regulation allowed for important progress on transfer pricing. But further efforts must be made. Tax authorities and business representatives should get together and find common grounds to formulate new proposals that reduce tax burden on the importation of services and to eliminate double taxation on investments.

On trade, the priorities are measures enhancing support for the internationalization of business, in particular for SMEs; short term and sector-specific measures that remove non-tariff barriers and in particular, those barriers that hit key sectors that are expanding like agrochemicals; finally, developing technology and innovation partnerships: there are a variety of cooperation opportunities for Brazilian and European companies in a number of sectors.

European companies are worldwide leaders in developing sustainable technology and production that has positive economic, social and environmental impacts for society as a whole. This leadership position in sustainable technologies is also a core element of Europe's competitiveness on the global market. This could be the basis of new partnerships with emerging markets like Brazil that have high economic growth rates but face significant sustainability challenges over the medium to long term.

Bilateral cooperation in a number of areas, including infrastructure development, applications and processes in fields from the extractive industries to energy intensive sectors and secondary goods producers, can boost competitiveness and innovation and act as powerful growth driver for both the EU and Brazil.

The economic cooperation between Brazil and the European Union can contribute to resuming economic growth on both sides. Future growth and competitiveness of EU and Brazilian companies depends on their strategic partnerships with key partners.

Thank you for your attention.