**BRITISH-BRAZILIAN CONVERSA, CAMBRIDGE 5-7 SEPTEMBER 2014**

**FOUNDER’S CONCLUSIONS**

We held the first meeting of the Conversa at the excellent facilities of the Moller Centre with a memorable reception at King’s College Chapel and dinner in King’s Great Hall and an equally unforgettable dinner at the Newmarket Jockey Club. Luciano Coutinho and Kenneth Clarke were the co-chairs. Participants are listed in the programme.

**THE SESSIONS**

Participants will have their own highlights from the discussions. What follows are some points from the reports at the plenary.

1. **Infrastructure.** Both countries have big infrastructure needs. They have different strengths and weaknesses. The UK is strong on finance and planning and weak on community involvement and timely execution. Brazil has a strong and experienced development bank which is practised in community engagement; there are deficits in skills, regulation and lack of private finance. Companies need more certainty about rate of return and rules of the game in Brazil: PPPs worked well where there was clarity, but there was a place also for government guarantees. Conversa was clear about the need to accelerate mutual learning.
2. **Education and research.** There were differing views about focusing more on key disciplines related to our economies or also maintaining breadth including the humanities. Bilateral co-operation has huge value - - for example between innovation centres in universities translating academic into the economy - including within the global collaboration which is the key to the future. Brazil’s Science Without Borders programme had been a great success, with the UK the second recipient of Brazilian students. Looking ahead, greater symmetry in flows of people chimed with a UK wish to give students and researchers greater international experience. Science is a powerful tool of diplomacy.
3. **Regional and International Organisations.** These provide legitimacy and efficiency. Brazil is comfortable with its identity as a western country connected with the developing world and with the growing relevance of the BRICS. There is strong engagement by the UK but also ambivalence about supranational bodies. Economic issues are more effectively handled than security; companies anyhow wanted a focus on prosperity rather than “saving the world”. We should press forward with working together in third regions such as Africa. Both countries saw the seminal importance of concluding an EU-MERCOSUL agreement, believed the other country was crucial in making this happen and blamed the other for lack of progress. This will be a key area for the new European Commission and the two governments.
4. **Energy.** This is politically complex in both countries The UK’s challenges are replacing legacy generation and decarbonisation. Brazil wants to reduce its supply vulnerabillty, for example to dry weather, including through more cross-border co-operation; ethanol suffers from the taxation and subsidy system. The 1% levy on hydrocarbon extraction in Brazil has helped create outstanding new research facilities. There is already strong bilateral collaboration in oil and gas and ethanol but scope for much more including on regulation, capacity, efficiency, new technologies and nuclear.
5. **Cities.** Cities are central to our lives and a better future, drivers of technological advance and sustainable development, deliverers of our services, and keys to health and social cohesion. We not only had to identify the ingredients to make them ever more successful but also the recipe, both for megacities and the medium-sized. Historical mistakes and solutions should be kept in mind, as should successful innovations such as Rio’s 24/7 operations centre, Team London, the UK National Citizen Service, and the multilateral Open Government Partnership. Cities required secure sources of finance to do what was needed. This was a rich area of discussion for Conversa, intersecting with many issues in other sessions.
6. **Defence/Aerospace.** In a volatile world there was a need for flexibly deployable defence resources. Security of supply was an issue for governments (nb the Brazil fighter debate) but this was difficult to achieve absolutely and collaboration was increasingly important. There is tension between maintaining indigenous capacity and international competitiveness. Big companies too worked together: there were BAESystems components in EMBRAER products and BAE had an EMBRAER corporate jet. Air traffic, including cargo, would continue to increase fast with hub-and-spoke the core but point-to-point flights continuing to grow too. Fuel was a major part of cost and so central to affordability. Defence and Aerospace, like infrastructure, needed long-term investment and so predictability from governments.
7. **Health and Food.** There is strong co-operation on research, for example in vaccines GSK/Fiocruz, as well as in the food sector with Marfrig a significant player in UK market. Citizens make their choices about health and food, but these are complicated by confusing information and barriers to trade to protect national products. Governments can work together refining systems of healthcare (nb Brazilian SUS was modelled on NHS), logistics and encouraging research. The huge growth in Brazilian agri-business offers continuing opportunities for academic and commercial collaboration. The Brazilian forest code offered a model, perhaps for Africa, in balancing food production and sustainability.
8. **Wired Youth.** Some thought we need to tune into Twitter and Facebook to join the conversation with today’s youth: the FCO are so doing. Others noted that the gap between young and establishment was a recurring feature - eg student protest in the 1960s or generation gap of the 1920s - and that content was more important than means of delivery. We should support young entrepreneurs and seek opinion of young people. New media offered new possibilities and threats to existing institutions - MOOCs, for example. We needed to be alert to the huge threat from cyber attack.

**Future of the Conversa**

There was a gratifying unanimity over the value of a forum to discuss frankly among senior people from a mix of policy, business and education/research backgrounds issues of importance between the two countries. Some argued that the next Conversa should focus on fewer issues with concrete outcomes. Others did not want to lose the diversity of exchange between people with different perspectives and wide-ranging debate. There was a general view that Conversa needed to be valuable for business, on whose sponsorship it depended, that SMEs should be included (we did have a couple present), that we needed to bring in fresh and people and ideas over time, and we should interact with youth. Given the discussion across the groups on finance for projects, this should be a theme in itself next time. There were also other actors we might bring in such as the CBI, airlines, Brazil’s technical and innovation organisations - the “S” system and FINEP.

On format, there was questioning whether three parallel sessions were too many and a request for a short opening session on the current situation in the two countries.

Other organisations offered to interact - universities, Canning House, the British Chamber in Brazil working with the Brazilian Chamber in UK.

Conversa is a discussion forum. But it can also be linked to other fields of bilateral co-operation such as: bilateral visits by government leaders; the JETCO; seminars held by Brazilian or British organisations; academic and research events.

**Next Steps**

I envisage Conversa 2 in Brazil late in 2015 after formation of new governments in the two countries and perhaps linked with a visit by a senior UK Minister with business delegation. The meeting would take on board the suggestions made seeking conclusions of value to business, government and academia without losing the free-flowing debate under the Chatham House Rule.

To help in this I shall consult widely with the help of a small working group. I shall keep you all informed through occasional reports to the Friends of the Conversa, of which you are all automatically members.