

# UK-Brazil Conversa

2022

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## Conversa 2022 Summary

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# UK-Brazil Conversa 2022

The seventh edition of the UK-Brazil Conversa, an event that brings together figures from UK and Brazilian politics, current affairs, academia, international relations, and the business community, to discuss the most pressing issues of the day in each country, as well as to find common ground and paths for further cooperation between the two countries, was held in June 2022 in Rio de Janeiro.

## Executive Summary

The Conversa covered a wide range of issues including the importance of the bilateral relationship in making progress on climate change and the race to Net Zero, the successful partnership on vaccine production and the potential for wider research and innovation partnership, as well as the centrality of Brazilian agricultural output to solving the global food security crisis.

The theme of sustainable development and climate change ran throughout the discussion, and was tackled in greater detail when participants discussed the importance of clean and transparent supply chains, greater environmental regulation and increased cooperation between countries of the Global South.

### Other key takeaways included:

- The UK has performed poorly in trade with Brazil compared to its European neighbours; however Brazil operates with high tariffs which restrict their ability to trade internationally.
- The upcoming election in Brazil could change the scenario for trade, although congressional budget restrictions might impede any efforts at reform.
- Brazil holds a relatively strong position in terms of the sustainability of its energy matrix compared to the UK and the rest of the world. The need for the electrification of oil and mining fleets was emphasised, as well as the urgency of maximising energy efficiency when transporting energy sources.
- Robust enforcement is required to back up strong regulation on ESG investments, and the financial sector should be fully mobilised to make sustainable investments.
- Brazil's success with programmes such as Bolsa Familia and Minha Casa Minha Vida contrasts against the limited progress on Levelling Up in the UK; it was agreed also that education was one of the key factors in fighting inequality in both countries.
- Both countries are experiencing a crisis of police legitimacy; and a lack of substantive data or policies in Brazil painted a bleak picture for that country's security outlook.
- The intersectionality of inequality was highlighted, as well as the danger of prejudice and unconscious bias leading to violence. Brazil's trans community face a particularly desperate situation, with need for changes not just in laws but in behavioural norms.

The richness of conversation and debate enjoyed at this year's Conversa underlined the strength of the relationship between Brazil and the UK, and the extraordinary potential for greater collaboration and even better relations between the two countries.



## Introduction

On Wednesday 8 June 2022, Canning House travelled to Rio de Janeiro, Brazil, to hold the seventh iteration of the UK-Brazil Conversa, an event that brings together figures from UK and Brazilian politics, current affairs, academia, international relations, and the business community, to discuss the most pressing issues of the day in each country, as well as to find common ground and paths for further cooperation between the two countries. This was the first in-person Conversa since 2019 due to the COVID-19 pandemic, and so it was an excellent opportunity to renew relationships and make new connections after over two years of online events.

The event began with opening words from Ian Perrin, Head of Policy, Research and Operations, before Alan Charlton, former UK Ambassador to Brazil and Founder of the Conversa, took the microphone to give his own welcome and also to introduce the day's keynote speakers. We first heard from Celso Amorim, former Minister of Foreign Affairs of Brazil, who gave a fascinating insight into the historical relationship between Brazil and the UK, and the many areas for collaboration that continue to exist. Marco Longhi MP, UK Trade Envoy to Brazil, then shared with the attendees his views on the importance of Brazil to UK trade, and also to him personally. Once the keynote speeches were complete, the breakout sessions started, each one held under Chatham House rule.

## Panel 1

The first panel of the day was titled "Foreign Policy Aims and Objectives: Areas of common interest and mutual collaboration". The discussion centred around the strong partnership between the UK and Brazil,

particularly on climate change. The good work done by both countries at COP26 was highlighted, particularly at the sub-national level. The willingness of states and city governments to commit to Net Zero by 2050 and other climate pledges was commended. It was agreed that the main challenge for both countries as regards climate change would be effective implementation, and how to turn convincing rhetoric into efficient policy.

Several participants were keen to emphasise the potential economic and social benefits of shifting to net zero, and it was stated that a net increase of two million jobs could be produced by 2030 in Brazil alone. It was also noted that there are several areas in which Brazil could serve as a good example to the UK. Brazil is a world leader in the agriculture industry, and the UK can learn a great deal from Brazil in this regard, while the UK can help provide some of the technology and expertise required to practice sustainable agriculture in Brazil. Brazil also has the largest financial sector in Latin America, with a thriving fintech and start-up culture to rival anywhere in the world. The enthusiasm of Brazilian financial institutions to mobilise in order to reach sustainable development and ESG goals has been very encouraging.

The conversation then moved on to talk about the future of the relationship between Brazil and the UK. It was suggested that the UK's economic, security and defence policy in the future will likely be centred around investment in science and technology. Both countries have already worked closely on science and innovation with great success in the creation of the AstraZeneca/Oxford vaccine, in partnership with Fiocruz. In a post-Brexit landscape, the UK is looking for new partners, and sees Brazil as a key global partner on a

number of fronts. There is great potential for both countries to work together on education. Lack of access to English classes in Brazil is seen as a significant barrier to opportunities at home and abroad for many Brazilians. In light of this, the British Council is working with Brazil to provide STEM and English classes to young Brazilians.

## Panel 2

The second panel of *Conversa* had the title of “Top-down, bottom-up, or both? Different approaches to honouring climate commitments in Brazil and the UK”. This was a fascinating conversation about the defining issue of our time, with Brazil already a key player in the wider discussion on climate change due to the fact that 60% of the Amazon rainforest lies in Brazilian territory. The panel discussed the need to clean up commodity chains, in particular soy, beef and gold. As responsibility for doing this falls on several actors, namely national and subnational governments and financial institutions, the panel agreed that responsibility chains should be given greater prominence in future discourses relating to this issue instead of just talking about supply chains. The discussion moved on to talk about the need for a just transition as opposed to merely a green transition, and the intersectionality of climate change, incorporating socioeconomic issues and affecting people’s livelihoods, was highlighted. Participants warned that technological solutions to climate change do not always resolve deep-seated issues, and that all solutions to tackling climate change should be comprehensive. It was posited that climate policy also needs to be formulated in a way that will create dignified jobs and alleviate the current debt crisis.

The panel identified three key elements of the fight against climate change. The first is to recognise the immediacy of the problem, and the urgent need to take action now. The second is the importance of an integrated approach, bringing together regional, national and international institutions. The final element is getting the implementation of climate policies right. Successfully implementing policy is key to reversing climate change, and is also the most difficult aspect. COP26 was a success in terms of convincing countries to commit to a range of climate targets, but actually ensuring these targets are met is another matter entirely.

Those in the room were keen to talk about the need for greater environmental regulation and improved mechanisms to combat illegal mining, fishing, logging and other environmental crimes. This point took on even greater relevance in the context of the disappearance and murder of the British journalist Dom Phillips, and the indigenous expert and environmental activist Bruno Pereira, in the Amazon at the time *Conversa* took place. The panel pointed out that in Brazil, institutions designed to protect the environment and the indigenous peoples that live in the Amazon rainforest have been stripped of funding in recent years, rendering them incapable of doing their jobs. As a result, illegal activity has flourished in the Amazon, and a great deal of work will be needed in order to reverse the damage of recent years. It was also noted that the UK is one of the top five importers of Brazilian gold globally, and that greater transparency is needed.

The panel closed out the discussion by underlining the centrality of the Global South to any new climate governance designs. There is a need for bottom-up, south-south

cooperation in climate policy formulation, as countries of the Global South are most affected by climate change, a situation caused in great part by the industrialisation of countries in the Global North.

### Panel 3

The third panel of the day looked at “Increasing bilateral trade and investment: Collaborative paths for the clean growth agenda”. A number of trade experts in the room made for a highly interesting discussion. The first issue to be discussed was the poor performance of the UK’s trade with Brazil trade in relation to other European countries. Around \$3billion per year in goods, and \$1billion in services is considered very low, suggesting that there is certainly a lot of room for growth. Mention was made of Brazil’s relatively protectionist trade policy, with restrictive tariffs that have not been changed in around 30 years. There are also a number of non-trade barriers such as excessive customs checks leading to delays and supply chain issues that make it difficult to trade with Brazil.

Participants were eager to emphasise the importance of historical business connections, such as those in the aviation, automotive and mining industries, as key areas where UK businesses have traditionally thrived in Brazil, and that it is important to take advantage of the pre-existing networks in place. There was also an understanding among the participants that both countries have supplies of what the other demands. While the UK needs hydrogen to power its clean energy transition, and food in the midst of a global food security crisis, both of which Brazil can provide, Brazil needs infrastructure on a massive scale, something which can be provided by British expertise in

construction and engineering.

Conversation inevitably moved on to the upcoming elections, and the impacts different results might have on trade between the UK and Brazil. Given that Conversa was held at a time when it seemed increasingly inevitable that there would be one of two realistic outcomes to the forthcoming elections in Brazil, the debate centred around possible victories for either Lula or Bolsonaro. Each outcome would be quite different with regard to international trade, although it was pointed out that budgetary constraints imposed for 2023 could substantially hinder progress being made under either candidate. Furthermore, it was put to the room that Brazil’s Congress holds most of the power, particularly with reference to budgets. Some participants also mentioned that progress on trade was easier to achieve at the subnational level than the federal level, which was a recurring theme throughout the day’s discussions.

### Panel 4

The fourth panel of Conversa centred around “The role of natural resource extraction in the clean energy transition”. The focus of the discussion was on Oil & Gas and Mining, with considerable emphasis also placed on renewable sources of energy. It was pointed out that 86% of electricity in Brazil comes from renewable sources, which is twice as much as the UK and far above the global average. As things stand, Brazil’s energy matrix is less CO2 intensive than the UK and so it is better placed to make the switch to entirely renewable sources than the UK, and is set to meet Net Zero ahead of the UK. Representatives of the mining industry present claimed that their company would be committing to a 30% reduction in energy-intensive consumption by



2030, while the representative from the oil industry stated that they were aiming for a 40% reduction in hydrocarbon production. However, participants stated that hydrocarbons will still be produced beyond 2050 (the Net Zero target), as they will still be an essential part of life all around the world.

The panel also discussed the need to maximise efficiency of energy, particularly in the case of diesel which is used to power lorry fleets. The topography of countries like Peru, Chile and Brazil makes the transmission of energy very expensive. The electrification of the Brazilian lorry fleet will take time due to the particular mix of Brazil's energy makeup – i.e. that it uses a lot of ethanol in its energy matrix. Hydrogen-powered fleets are a thing of the future, and it is important to focus on a phased approach that takes into account the present. Maximising efficiency means analysing all stages of the supply chain from beginning to end, incorporating biofuels into the fleet and into maritime activity, and being open to adopting new technologies when they become available.

The discussion closed by acknowledging the need to find affordable, accessible resources to replace fossil fuels. It was suggested that the ultimate goal is to make oil obsolete, but viable alternatives need to be implemented first. Oil & Gas and Mining are not going to disappear, but the way they use hydrocarbons will change, and the impact they have on global emissions will drastically change.

## Panel 5

Panel 5 of Conversa looked at “Reducing regional development inequalities in Brazil and the UK”. Despite strikingly different geographies and demographic makeups, both countries share some similarities when it

comes to regional inequality, with the majority of economic production, and therefore wealth, emanating overwhelmingly from the southeast of both the UK and Brazil. In the early stages of the discussion, all panellists were keen to press home the intersectionality of inequality in the UK and Brazil, bringing in class, race and gender.

When talking about Brazil, participants were able to list a number of successful policies tackling poverty, such as the highly successful Bolsa Familia, the excellent coverage of the Brazilian national health service, and the relative economic stability and growth of the middle classes in the first ten years of the 21st Century. However, it was noted that progress has been eroded in the last ten years, and Brazil has taken several backward steps in the fight against inequality.

In the UK, it was remarked that inequality has been steadily increasing for decades, and is now at one of the highest levels in the OECD. The current conservative government's programme, Levelling Up, focuses on capacity building and the regeneration of local communities through job creation and investment, outside of traditionally more wealthy areas. The initiative came under some criticism in the discussion, with participants arguing that Levelling Up is simply empty rhetoric from the government that does not address the root issue of class-based inequality that prevails in the UK.

The panel was keen to emphasise the centrality of education to fighting inequality in both countries. The effects of the pandemic were felt keenly in the education sector, with a lack of access to digital resources and withdrawal from the school system negatively impacting children's future prospects. Education is one of the areas that UK and

Brazil work closely together on, with a successful Chevening Scholarship programme bringing Brazilian students to UK universities, and ongoing work in collaboration with the British Council to provide English and STEM lessons to Brazilian schoolchildren, given that a lack of access to English lessons is always mentioned as a significant barrier to career progression in Brazil. The panel closed with an agreement among those in the room that sustained political will is required to turn rhetoric into action, and to enact meaningful implementation of policy in both countries.

## Panel 6

The sixth panel of *Conversa 2022* was titled “Guaranteeing citizen security in the city: ways to improve the public security framework”. Inevitably, the panel’s comments initially turned to the situation in Rio, which they all agreed was dire. There are no meaningful public security policies, decisions are not taken based on data, and there is not even a national database of public security statistics – all data is either at state level or recorded by civil society organisations. This leads to a breakdown in communication and coherence between state and federal governance.

The panel agreed that the war on drugs was a major source of public security issues in Brazil and the UK, and that no meaningful change can come without a frank discussion about the merits or lack thereof of the war on drugs. This also feeds into the issue of mass incarceration, which, in Brazil, is a guaranteed way to introduce predominantly young black men into organised criminal gangs that run prisons. Furthermore, the amount of money spent on building and maintaining prisons is colossal, and it was suggested that this money might be better spent on improving social services and

education instead, which could go some way to tackling the root causes of crime in both countries.

The discussion also brought in the topic of police legitimacy. Police in both countries face a crisis of legitimacy, with incessant police killings and corruption damaging their reputation in Brazil, and the recent spate of abusive and misogynistic messages, and even murders, committed by police officers in the UK eroding public trust in the British police. This then brought the panel onto the issue of women’s security, given that femicide is a huge problem in Brazil and a growing one in the UK, with a number of high-profile cases attracting national attention recently. Brazil has established women-only police stations, and a number of laws criminalising psychological gender-based violence and allowing harsher punishment for domestic violence have also been introduced. However, the lived experience of women, and particularly trans women (murders of transgender people in Brazil increased by 41% from 2019 to 2020, although 11 Brazilian states do not record any kind of data on their trans communities, so this increase is likely to be higher), indicates that Brazil is still a very dangerous place for women.

The panel ended by touching upon the relationship between politics and security in Brazil and the UK. It was stated that the correct public security policy decisions are never taken by politicians because doing so would make them unelectable. The direction of travel on public security has been to respond with more and more violence, guns, and aggression for the last 40 years in Brazil, with even left-wing ‘progressive’ governments supporting military operations in favelas and a policy of “a good criminal is a dead criminal”. This prevents any

meaningful progress from ever being made.

## Panel 7

The penultimate panel of Conversa focused on “Environmental, Social, and Corporate Governance and the fight against climate change”. The panel grappled with the question of whether ESG was dead, and if it was still important for shareholders, investors, and wider society. Panellists highlighted the need to be aware of the danger of greenwashing i.e. investors labelling investments as ESG-compliant in order to reap the benefits, when in actual fact the investment does not conform with ESG standards. The proliferation of ESG funds in recent years relative to the actual number of available ESG-compliant investments suggests that this is an ongoing issue.

The conversation also covered the need for reform and mobilisation of the financial system, including focusing on reserve banking, financial leverage, the role of central banks, climate disclosure and supervision of transition risks. It is vital that countries develop their carbon markets (an area that Brazil is strong on), and it is essential that finance ministries and their ministers are involved in these processes, as climate change is no longer merely an environmental issue but also an economic one.

The discussion also moved on to the legal aspect of ESG, and the need for robust enforcement of environmental regulation. Investments into law firms fighting to enforce environmental protection laws can be another way to comply with ESG regulations. Strong regulation is essential to a successful ESG model, but strong enforcement is even more important. The role of the Ministério Público in Brazil, a state-level public prosecutor’s office

that exists in all 27 states, is crucial in enforcing environmental protection laws. It was remarked upon that the UK does not have a court at this local level.

Participants spoke of the need for transparency and responsibility when making investments, and also of the need for better regulation in both countries and globally. Although there has been some backlash against ESG, it still has a place in investment portfolios. It was suggested that we are moving from an age of shareholder capitalism to one of stakeholder capitalism, which increasingly incorporates government and society into investment decisions. New technology, such as blockchain, allows for greater monitoring of private sector activity, as well as inviting wider participation in the financial sector from different parts of society. The democratisation of finance could be a key avenue to make ESG more effective.

## Panel 8

The final panel of the day looked at the issues of race, gender and inequality in Brazil and the UK. The first point raised was that, despite the panellists’ experiences working with inequality across the globe, the issues inequality throws up are almost the same everywhere. It was also pointed out that class inequality is the overriding issue, and it is class that brings gender and racial inequalities to the fore. The panel also spoke about prejudice, highlighting the danger of unconscious bias, as well as violence in both countries. Fear feeds into prejudices and accentuates inequalities, and it is essential to recognise our own prejudices before we can begin to deconstruct them. While changing laws can help to some extent, the panel believed it is also important to change daily norms and practices, as



changing people's behaviour helps to change attitudes.

The conversation again turned to education as the key tool to expand people's consciousness. It was remarked that the current political climate in both countries is particularly harmful in this context, playing on people's emotions and pitting different groups against one another, when in fact we should all be united towards a common goal. In the UK, it was suggested that a number of white working class individuals subscribe to the narrative that immigrants and ethnic minorities, many of whom are also working class, are responsible for their socio-economic problems, when in fact both communities are victimised and share the same cause.

The panel also spoke about the discrimination suffered by the trans community. Brazil kills more trans people than any other country in the world, even though 11 states do not report data on homophobic and transphobic crimes, while there is also no national crime database. In Minas Gerais, 91% of trans people did not finish high school, and 41% of the trans community have HIV. While work has been done to fortify gay rights in Brazil, trans people are still treated inhumanely, their rights often framed in irrelevant arguments such as which bathroom they should be allowed to use, when in actual fact many trans people are struggling to even survive in Brazil, a familiar discriminatory narrative that is also heard in the UK. The solution to these problems also lies in education, as well as better protection for the trans community through the legal system.

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