

How Brazil's new NDC can drive private sector investment in climate action

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Forewords



Brazil has significantly contributed to the global climate agenda, reinforcing its leadership role and commitment to sustainable development. As the host of COP30, the country is strategically positioned to promote the implementation of more ambitious targets and align national and international efforts for a transition to a low-carbon economy. The new Nationally Determined Contribution (NDC) marks a milestone in this journey, establishing clear guidelines for reducing emissions, promoting innovation, and strengthening collaboration among governments, the private sector, and civil society.

The Brazilian NDC reflects heightened climate ambition and serves as a crucial instrument for shaping the COP30 agenda. Successfully implementing these goals requires collaboration between the public and private sectors and establishing mechanisms that encourage innovation and finance sustainable solutions. Through structured sectoral policies—such as incentives for the bioeconomy, decarbonization of industry, and the expansion of renewable energy sources—Brazil aims to ensure that its climate commitment produces tangible and lasting impacts.

To achieve this, it is essential to strengthen dialogue among all stakeholders involved in the climate agenda, ensuring that COP30 becomes a decisive milestone for accelerating actions favoring sustainable development. Contributing to this goal, CEBDS, in partnership with the We Mean Business Coalition, presents in this document strategic recommendations to align domestic policies with international commitments and facilitate the transition to a greener economy. We count on your support to turn these guidelines into concrete actions, establishing Brazil as a global sustainability and climate action benchmark.

Enjoy your reading!

Marina Grossi

President, Brazilian Business Council for Sustainable Development (CEBDS)



2025 has brought increasingly complicated geopolitics and strong headwinds for climate action. Yet the world is still getting hotter - 2024 was the warmest year on record. And while we hear a lot of political noise, the economic case for leadership on climate remains compelling. Against this backdrop, hundreds of countries are submitting their climate plans (NDCs) for 2035 ahead of COP30. These NDCs will set the course for the next decade, determining whether the world can avoid the worst climate impacts - as well as establishing each country's place in the global race to competitive clean-energy and nature-positive economies.

As COP30 host, all eyes are on Brazil. Its role goes beyond maintaining momentum - it must also rebuild trust and drive accelerated progress on climate and nature. By announcing its NDC early, Brazil has already shown leadership. Now, it is all about implementation. A strong Climate Plan (Plano Clima) with clear and coherent policies for implementation will both drive private sector investment into climate action domestically and reinforce Brazil's global credibility.

I am really pleased to see the We Mean Business Coalition's Call to Action for Ambitious and Investible NDCs being tailored for Brazil. The country is well positioned to lead in nature-based solutions and accelerating the transition to renewable energy. Businesses are already capitalizing on the opportunities of moving from fossil fuels to clean solutions because it makes business sense. With the right enabling policies, businesses - whether they have their headquarters or supply chains in Brazil - can seize the benefits of cheap and secure clean energy, and enhance their resilience in a changing climate.

Maria Mendiluce

CEO, We Mean Business Coalition

Summary

As the upcoming host of COP30, Brazil aims to establish itself as a global climate leader. Its new Nationally Determined Contribution (NDC) sets a target to reduce greenhouse gas emissions by 59–67% by 2035 from 2005 levels. This is a step up in ambition from the existing target for 2030, which is a 53% reduction from 2005 levels. The new NDC represents a significant opportunity to attract investment into climate-resilient, low-emissions industries in Brazil and to enhance the competitiveness and resilience of the economy. A Climate Plan outlining policies and actions to implement the NDC is currently in development.

Private sector engagement and investment will be crucial for achieving Brazil's new NDC. Effective policies for NDC implementation can also benefit leading businesses by creating the incentives and institutional support needed to accelerate corporate decarbonization.

CEBDS, in collaboration with the We Mean Business Coalition, has developed the following recommendations for how the Brazilian government can ensure Brazil's new NDC drives enhanced private sector investment in climate action:

1

Implement clear and coherent policies in each sector that are aligned with NDC objectives. This includes establishing priorities, decarbonization pathways, and policies aimed at tackling specific barriers to private sector investment within each sector:

- In the **forestry** sector, initiatives such as the Amazon Deforestation Action Plan and the Soy Moratorium have decreased deforestation rates, but greater collaboration with the private sector is needed to make further progress.
- In the **agriculture and livestock** sector, agricultural plans, land restoration efforts and greater clarity around accounting for carbon removals could help to reduce emissions, while maintaining a competitive and resilient agriculture sector.
- In the **energy, transport and industry** sectors, clear targets and timelines for phasing out the use of fossil fuels and scaling up clean energy solutions such as advanced biofuels, electrification, green hydrogen and energy efficiency - together with strengthened policies for innovation, support for deployment of clean energy solutions, and implementation of the forthcoming Emissions Trading System - could drive further private sector action.

2

Promote corporate climate action and business transition plans. The government can support companies to decarbonise their operations and supply chains by creating stronger economic incentives to reduce emissions and promoting the development of business transition plans.

3

Strengthen spaces to foster public-private dialogue. Strengthening public-private collaboration at all stages of the NDC cycle will be key to realizing Brazil's climate ambitions. CEBDS is helping to strengthen government-private sector collaboration by hosting business-government workshops and providing technical assistance to help companies create or improve their transition plans.

1

Introduction and context

After presiding over the G20 and as the host of the 30th Conference of the Parties to the UNFCCC (COP30), Brazil strives to position itself as a global leader in climate action. During COP29, Brazil became the second country to publish its 2035 Nationally Determined Contribution (NDC) - two months ahead of the deadline of February 2025.¹

In its new NDC, Brazil pledges to cut its 2035 greenhouse gas (GHG) emissions by 13-29%², from its 2030 levels or 59-67% from its 2005 baseline. This new national goal builds on Brazil's existing commitments to reduce emissions by 48% by 2025 and 53% by 2030, relative to its 2005 baseline.² In absolute terms, Brazil aims to lower its GHG emissions to 1.3 GtCO₂e by 2025, 1.2 GtCO₂e by 2030, and between 0.85 and 1.05 GtCO₂e by 2035.

The drafting of this Brazilian NDC took place in parallel with the ongoing development of the 2024-2035 Climate Plan, a policy instrument that will function as an implementation plan and a sectoral ambition guideline. While the NDC outlines Brazil's economy-wide emissions reduction target for 2035, the Climate Plan will outline the actions required for decarbonization and establish the necessary investment targets.

Private sector investment is essential to achieve national NDC targets and implementation plans. Despite this, only 13% of the NDCs updated in 2021 included references to private sector involvement.³ In September 2024, the We Mean Business Coalition released the *Business Call to Action for Ambitious and Investible NDCs*,⁴ which outlined three key pillars to enhance private sector engagement across the whole NDC cycle:

- **Ambitious NDCs:** Set economy-wide, ambitious targets that provide a clear, achievable path to net zero
- **Policies for NDC implementation:** Translate NDCs into policy frameworks that support private sector investment, align with other national policies, and coordinate internationally.
- **Government-business dialogue and transparency:** Increase private sector participation and consultation at all stages of NDC development and implementation.

Building on the We Mean Business Coalition's Call to Action, CEBDS launched the *Call to Action from the Brazilian Business Sector Towards an Ambitious and Implementable NDC*, endorsed by over 50 major Brazilian businesses.⁵ Released during Climate Week NYC in 2024, this initiative emphasized the need for greater synergy between business transition plans and government sectoral plans, concrete policies that translate NDC targets into actionable steps, and a more investment-ready NDC to scale up private investment in nature and climate-related initiatives.

1 Brazilian Government, 2024. Brazil's NDC: National determination to contribute and transform. https://unfccc.int/sites/default/files/2024-11/Brazil_Second%20Nationally%20Determined%20Contribution%20%28NDC%29_November2024.pdf

2 Brazil's first NDC, initially published in 2015, set targets to reduce Brazil's emissions by 37% by 2025 and 43% by 2030 relative to 2005 levels. In 2023, these targets were updated to 48% and 53% respectively.

3 FAO, 2021. Global update report: Agriculture, Forestry and Fisheries in the Nationally Determined Contributions. <https://openknowledge.fao.org/items/04d711a6-c1c5-4787-ae5e-3018029c7f41>

4 WMBC, 2024. Time to deliver: Business call to action for ambitious and investible NDCs. <https://www.wemeanbusinesscoalition.org/time-to-deliver-business-calls-for-ambitious-investible-ndcs/>

5 CEBDS, 2024. Call to action from the Brazilian Business Sector: Towards an ambitious and implementable NDC. <https://cebds.org/en/publicacoes/call-to-action-from-the-brazilian-business-sector-towards-an-ambitious-and-implementable-ndc/>

1
Introduction and context
 (continued)

This document outlines key guidelines for how the Brazilian government can facilitate business investment in the implementation of its NDC and in the formulation of the Climate Plan. The guidelines are structured following the key pillars for private sector engagement outlined above (see Figure 1):

- An analysis of the ambition of Brazil’s NDC.
- An examination of existing plans across key sectors of the Brazilian economy — land use, land-use change, and forestry (LULUCF), agriculture and livestock, energy and transportation, and industry — with policy asks from business.
- Options for strengthening transparency between the private and public sectors in the NDC development process.

Figure 1: The NDC and policy implementation cycle in Brazil



2

Ambitious NDC content

The new NDC underscores the Brazilian government's heightened climate ambition. Its overall target of 0.85-1.05 GtCO₂e represents a 39–50% reduction from 2019 emissions levels, falling short of the 60% global reduction called for in the outcome of the first Global Stocktake (GST).⁶ Nonetheless, this is a substantial step up from the previous NDC for 2030, signaling Brazil's commitment to reducing national emissions.

Sectoral targets, however, were not specified in this NDC and will be announced in mid 2025. The Brazilian government will need to harmonize and reconcile existing sectoral targets—such as those in the ABC+ Plan (Low-Carbon Agriculture) and New Industry Brazil—with the NDC's broader targets. Achieving alignment is essential to establish a coherent policy framework, enabling the Brazilian private sector to create the institutional support needed for achieving net-zero, and further accelerating corporate decarbonization.

Setting targets and timelines for the phase-out of unabated fossil fuels in line with 1.5°C, supported by national plans and policies to ensure a just transition for affected workers and communities, is one of the actions being called for by more than 260 companies globally as part of the We Mean Business Coalition's Fossil to Clean campaign.⁷ The new NDC does not outline specific time frames for phasing out the use and production of fossil fuels in Brazil. It does, however, highlight the importance of replacing fossil fuels in the energy, transportation and industry sectors with clean energy solutions such as electrification and advanced biofuels. While there is already a high share of renewable energy sources in the power sector, the share remains lower in the transportation and industry sectors. Setting targets for the share of clean energy in transportation and industry would provide greater certainty for business regarding the anticipated speed of the transition from fossil to clean energy in these sectors.

Brazil's updated NDC emphasizes strengthened climate governance and expanded climate policies. It outlines a range of initiatives, from the Pact for Ecological Transformation to sector-specific policies such as incentives for Sustainable Aviation Fuels (SAFs) and deforestation reduction strategies. By aligning these policies with its higher ambition levels, Brazil's NDC suggests that climate transformation is already taking shape, as evidenced by a recent 12% year-on-year reduction in GHG emissions from 2022 to 2023.⁸

In late 2024, Brazil also approved its national Emissions Trading System (ETS), which will establish a carbon tax for the Brazilian economy, with the exception of the primary agricultural sector. There is still uncertainty about how the cap-and-trade system will operate in the next few years, but it is expected that it will promote incentives for the decarbonization of the energy and industrial sectors and establish another financing source for climate innovation within the country. International cooperation and foreign investment will also be crucial for achieving Brazil's ambitious goals.

In addition to the opportunities arising from increased private sector climate finance, CEBDS will host a series of workshops on transition plans in 2025. The institution hopes that technical assistance from experts in different areas will provide options and help its members create or improve their corporate transition plans on the road to COP30.

⁶ Política por Inteiro, 2024. Brazil's NDC paves the way for transition away from fossil fuel and deforestation, but lacks maximum ambition.

<https://politicaporinteiro.org/2024/11/13/brazils-new-ndc-is-paved-by-strong-climate-policies-2035-target-aimed-at-accessing-international-carbon-markets/>

⁷ The Fossil to Clean campaign is a global movement of businesses moving from fossil fuels to clean energy. As part of the campaign, more than 260 companies with a combined revenue of >\$1.6 trillion have signed a letter to Heads of State urging governments to set clear targets and timelines for the phase-out of unabated fossil fuels and the creation of policies to accelerate clean energy deployment. It remains open for signatures by companies that wish to add their voice to this growing global call from business to government. See <https://www.wemeanbusinesscoalition.org/fossil-to-clean/>

⁸ SEEG, 2024. Greenhouse Gas Emissions and Removals Estimation System, Climate Observatory. <https://plataforma.seeg.eco.br/>

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Policy for NDC implementation

The Climate Plan is Brazil's primary policy instrument for coordinating and implementing its NDC. Expected to be published in 2025, the document will have two main parts: the Adaptation Plan, organized into 16 groups, and the Mitigation Plan, which addresses seven key sectors.⁹ Although the Ministry of Environment serves as the main coordinator of the Climate Plan, individual sectors are managed by their respective government agencies (for instance, the Agricultural Sectoral Mitigation Plan is overseen by the Ministry of Agriculture). This decentralized approach was designed to promote inter-ministerial collaboration and facilitate specialized technical input across areas

In partnership with the Ministry of Environment and other governmental bodies, researchers from the Federal University of Rio de Janeiro developed the BLUES (Brazil Land Use and Energy Systems) Model, an integrated model to outline cost-effective, long-term decarbonization pathways for the nation and its economic sectors. As the primary technical model informing future decarbonization strategies within the NDC and Climate Plan, the BLUES model operates based on key assumptions, including achieving net zero by 2050 and eliminating illegal deforestation by 2030. Early findings from BLUES have underscored the critical importance of reducing deforestation in Brazil as a cost-effective strategy for achieving national climate goals.

To implement the NDC and on the road to COP30, Brazil is building its institutional capacity and updating its financial structures to facilitate foreign and domestic investment in climate action. In 2024, the government developed three new initiatives to strengthen climate investment: EcoInvest, a financial mechanism that promotes blended finance and derisks foreign exchange depreciation; the Brazilian carbon market, a cap-and-trade system aimed at accelerating deployment of low-emission technologies; and the Brazilian Platform for Investments in Climate and Ecological Transformation (BIP), a platform that connects domestic investors with low-emission solutions that are being developed in Brazil. The Brazilian Sustainable Taxonomy, which incorporates climate and social objectives, is also under development and is expected to be launched soon.

Aside from policies aimed at scaling up financial flows, sectoral plans play an important role in defining targets for specific economic sectors. In anticipation of the release of the Climate Plan's sectoral targets and National Mitigation Strategy, CEBDS developed policy recommendations for four of these sectors, selected for their significance to the Brazilian economy, their GHG emissions, and the composition of CEBDS's member companies.

The finalization and launch of the Climate Plan and sectoral targets will take place in parallel to the various activities being undertaken by the Brazilian government in the run up to COP30 in Belém in November 2025. It will be important to link and align these parallel domestic and international workstreams. The discussions held between businesses and policymakers in the run up to and during COP30, together with the outcomes of the conference itself, are likely to have a lasting effect on how the Brazilian NDC will be implemented and on the resources available for the implementation of the Climate Plan. Therefore, while this document is focused on Brazil's NDC and domestic policies, it is important to highlight how each area will be linked to and potentially influenced by COP30.

Building on this, the following sections of the document provide context on existing plans and initiatives within the forestry, agribusiness and livestock, energy and transportation, and industry sectors, along with policy recommendations for the Climate Plan and potential implications of COP30 for each sector.

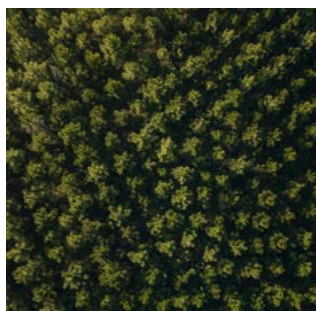
⁹ The seven sectors for the Brazilian Mitigation Plan are: Agriculture and Livestock; Cities; Energy and Mining; Industry; Land Use and Forestry; Transportation; and Waste.

¹⁰ SEEG, 2023. Análise das emissões de gases de efeito estufa de 1970 a 2022 e suas implicações para as metas climáticas do Brasil. <https://seeg.eco.br/wp-content/uploads/2024/02/SEEG11-RELATORIO-ANALITICO.pdf>

3

Policy for NDC implementation

(continued)



A. Forestry

Unlike other G20 economies, Brazil's land use sector represents a substantial share of national GHG emissions, accounting for approximately 48% of emissions in 2023 and impacting the country's biodiversity and natural resources. While deforestation rates peaked in 2003, they declined significantly due to initiatives like the Amazon Deforestation Action Plan and the Soy Moratorium. By 2011, deforestation had dropped to its lowest recorded levels, though rates have since fluctuated with varying enforcement of anti-deforestation policies. Findings from the BLUES integrated model indicate that reducing illegal deforestation is Brazil's most cost-effective path to achieving net zero; without substantial investment in deforestation control, Brazil would need to incur higher costs in other sectors to reach similar levels of decarbonization.

The NDC highlights the particular impact of three policies on deforestation rates. First, the anti-deforestation plan for the Amazon (PPCDAm) managed to decrease annual deforestation levels by 22% in 2023, and by 31% in 2024. In the Cerrado, Brazil's second largest biome, the anti-deforestation plan (PPCerrado) contributed to decreasing deforestation rates by 26% in 2024, reversing an increasing trend. Recent efforts have been made to reduce fires in other Brazilian biomes, such as the Caatinga and Pantanal. The NDC also highlights the future importance of the National Plan for the Recovery of Native Vegetation (Planaveg), which aims to restore 12 million hectares by 2030.

As the first COP to be held in the Amazonian Forest, COP30 is likely to have an important impact on the implementation of measures to tackle deforestation. The Brazilian government is hoping to strengthen the Tropical Forest Finance Facility (TFFF), a global initiative launched in COP28 that is aimed at reducing deforestation in tropical countries in South America, Africa, and Asia. Nature-based solutions and the bioeconomy, along with the importance of engaging with indigenous people and communities when designing and implementing measures to tackle deforestation, are also likely to be important topics of discussion at COP30.

Enhanced collaboration between the public and private sectors on the goal of halting illegal deforestation and phasing out legal deforestation by 2030 is crucial. To this end, the new NDC places a strong emphasis on nature-based solutions for tackling climate change and protecting biodiversity. With the right mechanisms in place, these can drive substantial private sector investment into projects that protect and restore nature while also reducing GHG emissions. This is particularly relevant for international companies for whom emissions from land use change account for a high share of the emissions from their value chains (Scope 3 emissions). A consultation by the World Business Council for Sustainable Development (WBCSD) revealed two major challenges to measuring Scope 3 emissions in the Global North: the lack of quality external guidance, and the absence of supportive national policies and regulations.¹¹ To address these barriers in Brazil, the government should work with the private sector to establish incentives for Scope 3 emissions measurement and reduction, including nature-based solutions, thereby improving supply chain traceability and reducing overall emissions.

¹¹ WBCSD, 2023. Incentives for Scope 3 supply chain decarbonization: accelerating implementation. https://www.wbcsd.org/wp-content/uploads/2023/10/Incentivising-Supply-Chain-Decarbonization_WBCSD-PWC_Final-Report.pdf

3

Policy for NDC implementation (continued)



B. Agriculture & Livestock

Agriculture is a key pillar of Brazil's economy, contributing 24% of Gross Domestic Product (GDP) and 50% of exports in 2024.¹² To drive decarbonization, Brazil has introduced climate criteria into major agricultural credit lines, such as the Safra Plan, and implemented sectoral policies like the ABC+ (Low-Carbon Agriculture) Plan.

Despite these initiatives, agricultural GHG emissions represent 28% of national emissions in 2023. Nonetheless, Brazil is making progress in decoupling agricultural GDP growth from emissions by targeting high-emission areas, promoting integrated systems and encouraging regenerative agriculture for degraded lands, actions aimed at reducing GHG emissions.

As one of the world's top agricultural producers, leading the world in the production of seven commodities, Brazil's agricultural sector is not only a sectoral powerhouse but also critical to global food security. Brazil's agriculture sector has an opportunity to demonstrate what leadership in climate action looks like. Indeed, taking action will be essential if Brazil is to remain competitive and resilient in this sector.

Given the importance of Brazil's agribusiness sector, agriculture will most likely play an important role at COP30. Brazil is expected to propose strengthening the Sharm el-Sheikh joint work on implementation of climate action on agriculture and food security, in order to highlight the connections between agriculture, climate, and bioeconomy. Adaptation, a top priority within the COP as a whole, is likely to be an important theme within the agricultural discussion, as improving resilience in the sector is a high priority for Brazilian agribusiness companies.

The NDC highlights the importance of agricultural plans and of a new land restoration effort to recover degraded pastures in Brazil. It also highlights the importance of the future international carbon market, providing a foundation for Article 6-oriented projects, an important topic for Brazil's agricultural sector. Nevertheless, the Climate Plan will need to address questions around whether agricultural removals will be accounted for in NDC calculations, and the need for greater transparency in the BLUES model criteria for sectoral targets.

¹² Ministry of Agriculture, 2024. Exportações do agronegócio brasileiro atingem mais de US\$ 15 bilhões em maio. <https://www.gov.br/agricultura/pt-br/assuntos/noticias/exportacoes-do-agronegocio-brasileiro-atingem-mais-de-us-15-bilhoes-em-maio>

3

Policy for NDC implementation (continued)



C. Energy & Transportation

The Brazilian energy sector contributes 18% to the country's GHG emissions,¹³ which is lower than the G20 average. As of March 2024, around 85% of Brazil's electricity comes from renewables, with 55% from hydroelectric sources and 15% from wind,¹⁴ making Brazil the world's 6th largest wind energy producer.

The country has long-standing industrial policies for the renewable energy sector. In the 1970s, the Brazilian government encouraged the use of ethanol and other biofuels to reduce fuel dependency on imported oil, which resulted in a higher percentage of renewable sources in the Brazilian energy matrix. In the 21st century, national subsidies have fostered a growing wind energy industry, which today accounts for the second-highest energy source and an important economic industry for the Northeast region.

While emphasizing the need to provide energy for all Brazilian citizens, the NDC outlines Brazil's efforts to phase out fossil fuels and replace them with clean energy solutions. Despite the country already having a substantial amount of clean energy, Brazil is developing new policies that will contribute to a global energy transition. These initiatives include the Green Mobility and Innovation Program, which provides incentives for green vehicle production, incentives for green hydrogen production and for biofuels, strengthened energy transition plans and governance, and tougher regulations for oil and gas production.

Policies for developing bio and synthetic fuels and green hydrogen will be crucial given Brazil's abundance of clean energy and the high demand that already exists in the Global North for these products. They are likely to be an important theme within the COP30 discussions.

However, Brazil's renewable energy sector also faces challenges. The forthcoming depletion of currently explored offshore oil basins has prompted studies on new offshore drilling, including in environmentally sensitive areas like the Amazon River mouth. Studies indicate that the exploration would be incompatible with the national climate goals established in the Brazilian NDC.¹⁵

To strengthen Brazil's position as a clean energy player, the government should continue to leverage the country's competitive advantages by driving growth in renewable energy and investing in innovation and industrial development for sustainable biofuels and green hydrogen. It should also prioritize less developed areas, such as improving energy efficiency and promoting carbon capture and storage (CCS) projects. Further, Brazil has an opportunity to demonstrate leadership on reforming and repurposing its fossil fuel subsidies - which totaled around USD 5.6 billion in 2022¹⁶ - to support energy efficiency, renewable energy and the just transition away from fossil fuels.

¹³ G1, 2024. Nível de emissões de gases de efeito estufa no Brasil cai 12% em 2023. <https://g1.globo.com/meio-ambiente/noticia/2024/11/07/nivel-de-emissoes-de-gases-de-efeito-estufa-no-brasil-cai-12percent-em-2023.ghtml>.

¹⁴ ANEEL, 2024. Matriz elétrica brasileira alcança 200 GW. <https://www.gov.br/aneel/pt-br/assuntos/noticias/2024/matriz-eletrica-brasileira-alcanca-200-gw>.

¹⁵ A Pública, 2024. COP28: Aumento da produção de petróleo no Brasil pode anular ganhos com desmatamento zero. <https://apublica.org/2023/12/cop28-aumento-da-producao-de-petroleo-no-brasil-pode-anular-ganhos-com-desmatamento-zero/>.

¹⁶ OECD, 2024. OECD Inventory of Support Measures for Fossil Fuels 2024. https://www.oecd.org/en/publications/oecd-inventory-of-support-measures-for-fossil-fuels-2024_a2f063fe-en.html.

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Policy for NDC implementation (continued)

D. Industry

The industrial sector contributes just over 4.5% of Brazil's GHG emissions, and the government is intensifying economic incentives to guide the sector towards decarbonization. This includes the expansion of financial mechanisms that support greener industries.

In 2024, substantial regulatory frameworks were introduced to drive this transformation, such as incentives for SAFs, new regulations for CCS and the promotion of electric vehicles. *The New Industry Brazil plan* — Brazil's latest industrial policy instrument — aims to reduce industrial emissions intensity by 30%. It will focus on the agro-industry, health, urban infrastructure, information technology, bioeconomy and defense sectors. Furthermore, the *National Strategy for Industrial Decarbonization*, a component of the *New Industry Brazil* initiative, will address hard-to-abate sectors and is expected to launch in 2025.

Brazil's new NDC points out that reducing industrial emissions will require efforts in electrifying industrial processes, establishing carbon capture mechanisms, and promoting the national production of biomaterials to replace carbon-intensive alternatives. Brazil's new ETS will provide a future incentive for industrial decarbonization and the promotion of energy efficiency mechanisms. These efforts are essential to decarbonize even more of Brazil's national industry.

Brazil's industrial sector currently holds a competitive advantage due to its low scope 2 emissions profile, largely driven by its renewable energy matrix. Amid global efforts to promote carbon pricing mechanisms, the government should harness economic and diplomatic tools to make this low-emission profile more advantageous on an international level. These stimulus measures would put Brazilian industry in a globally strong position to take advantage of possible future commercial benefits.



4

Transparent government-business dialogue and communication

The decentralized structure of the NDC and sectoral plans in the Climate Plan has enabled effective collaboration among government ministries and academic institutions to define the required decarbonization actions and fine-tune the BLUES model.

Throughout 2024, the government held dialogues with civil society and the private sector to introduce BLUES and outline the Climate Plan's stages. CEBDS hosted meetings between the Ministry of the Environment and Climate Change (MMA) and business sector representatives to clarify private sector questions and address concerns.

Following a public consultation on National Mitigation and Adaptation Strategies and the release of the NDC, the MMA is undertaking sectoral consultations on the BLUES analyses. As of February 2025, only the energy sector consultation had been completed, with a focus on biofuels. Upcoming consultations in other sectors are expected to detail the assumptions and cost-benefit analyses of BLUES, which are highly anticipated by the private sector.

The implementation measures for the NDC are linked with its existing policies, the need to increase financial resources and with the Climate Plan, which will provide further detail on the clear actions and guidelines for implementation. More clearly defining how the private sector will participate in the implementation of decarbonization actions will strengthen the NDC. The Climate Plan represents an opportunity to establish a collaborative forum to improve public-private dialogue, set priorities, and create unified implementation strategies.

Currently, Brazilian companies are engaging in a few sectoral groups to discuss decarbonization and create consensus around demands on how the government can ease this decarbonization process within the sectoral plans. CEBDS, the Boston Consulting Group (BCG) and Brazilian company CCR are facilitating a coalition between several public sector institutions and private transportation companies to promote convergence points, establish a business-as-usual baseline and create a final recommendations document with a common integrated vision.

5

Final remarks

By announcing its 2035 NDC target early, Brazil aims to strengthen its role in the international climate landscape ahead of COP30 and lead by example. Domestically, the release of national targets within the NDC and the planned actions and sectoral targets in the Climate Plan will signal Brazil's pathway toward decarbonization by 2050, which focuses on protecting nature and transitioning away from fossil fuels to clean energy sources.

The Brazilian private sector will play a critical role in achieving these decarbonization goals. CEBDS, in collaboration with the We Mean Business Coalition, recommends the following key measures to enhance private sector action and investment through the NDC implementation process:

1

Implement clear and coherent policies in each sector that are aligned with NDC objectives. Brazil has already begun creating an enabling environment for private sector investment in climate action. The country has strengthened its existing policies and created new initiatives in many sectors, such as forestry, industry and financial markets. Despite these advances, the government has yet to align its domestic policies and sectoral plans with the new national targets in its NDC. The Climate Plan and the establishment of the sectoral plans represent a window of opportunity for the government to harmonize these policies, which in turn will facilitate national and international financing and promote clear pathways for private sector action and investments.

2

Promote corporate climate action and business transition plans. Many of the emissions reductions required to meet the new NDC will need to come from the private sector. Leading companies are working on decarbonizing their operations and supply chains, but they need support from the government to move faster. The government has established some mechanisms to incentivize business transition plans, such as being the first country to make the International Sustainability Standards Board's sustainability disclosure standards mandatory. Nevertheless, Brazil has yet to establish economic and fiscal incentives for companies to create and implement business transition plans.

3

Strengthen spaces for dialogue between the private and public sector at all stages of NDC implementation. Ongoing dialogue between the private and public sector will be key as Brazil moves into the implementation stage of its new NDC. By strengthening spaces for public-private dialogue, policymakers and business leaders can discuss potential obstacles that risk hindering progress in implementation, build confidence, create greater buy-in to the process within companies and government agencies, and establish joint mechanisms to track progress on implementation. The Brazilian private sector is currently coordinating its efforts to provide recommendations for the sectoral plans. The government therefore has a window of opportunity to collaborate with these groups and establish them as long-term spaces for dialogue.

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