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A BETTER BRAZIL, FOR AN EVEN BETTER SECTOR!

In the opposite direction of the economic crisis that has afflicted Brazil over the past years, agribusiness continues growing and posting numbers that reveal how dynamic this key sector is, which today sustains the country's trade balance. According to data disclosed by the Brazilian Institute of Geography and Statistics (IBGE) in early March 2018, Brazil's GDP grew 1.0% in 2017, its first increase after two consecutive years of retraction. The main driver of GDP in 2017 was agribusiness, which advanced 13% in the year. Without agribusiness, GDP growth would have been 0.3%.

Since the 1970s, the sector's productivity has increased fivefold. This success can be attributed to a series of factors, but one of the main ones would be deregulation of the agribusiness sector in the early 1990s, transforming it much more into a market economy. Brazil has one of the lowest levels of state subsidy in the agribusiness sector and therefore is not affected as much by the crisis.

Wood is one of the most active sectors in Brazil. The country is the biggest global exporter of eucalyptus pulp, with pulp accounting for 70% of the sector's total exports, which also includes plywood and noble wood. Pulp continues increasing, registering consecutive production records over the last years. Such result stems from high external demand, especially from China and Europe (main destination markets). And the outlook continues positive for 2018, with prices at a high level and production on the rise.

For decades, Brazil's pulp industry has been developing biotechnology and genetic engineering for its planted forests, which significantly contributes to the country's forest productivity, leading our pulp producers to extremely competitive production-cost levels, having the lowest production cost worldwide. Additionally, more than 65% of all energy consumed by the sector is self-generated in the pulp production process, through the burning of black liquor to produce steam.

On the other hand, in a totally opposite situation than agribusiness – particularly in comparison with pulp sector – Brazil's industry stagnated in 2017, after three consecutive years of retraction. Brazil's industry has

been undergoing an extinction process for several decades, particularly the capital goods industry. The absence of an industrial policy for the country is clear. The countless incentive programs created and the spending of huge amounts of resources subsidized by taxpayers, did not result in progress. Erroneous programs and the wrong lowering of taxes only resulted in higher public debt, without achieving the goals of industrial development, greater economic growth and job creation.

While agribusiness grows and supports the country's economy, the other industrial sectors are struggling to survive, substantially affecting job creation, particularly jobs of value. Without a strong, technologically up-to-date industry and in tune with innovation, little can be expected in terms of progress. It is necessary to break the vicious circle that has installed itself in the country's industrial sector, where businesses keep waiting for government actions and subsidies, instead of assuming risks on their own.

A serious and profound tax reform is imperative. There's no way to advance economic growth with the current tax system we have. To reduce tax load, it is necessary to reduce State size, which is overburdening citizens. The cost of government no longer fits in the GDP. At the current level of public spending, there isn't any reasonable economic growth that can sustain such cost.

The industry – through its class entities – should immediately come up with an industrial policy proposal to recover the technological level of Brazil's industry, its productivity and an acceptable tax level for such activity. This would even serve as subsidy for the tax reform. Industry can't just sit back and wait for government actions to restructure; private initiative should spearhead this process. The hope of renewal and rebuilding Brazil's industry remains alive in every citizen that works in the country's industrial sector. It is paramount for leaders of the industrial sector to truly constitute a task force free of political intentions, that's dedicated to thoroughly planning the paths for an inclusive, sustainable and long-term industrial development.

The amount of work ahead is huge, but together it's possible. ■