

## FGV Europe promotes debate on new development models for Minas Gerais

*The Minister of Mines and Energy, Bento Costa de Albuquerque, the Vice-Governor of Minas Gerais, Paulo Eduardo Rocha Brant and Dirk Augustin, Consul General of the Federal Republic of Germany in Rio de Janeiro, participated in the virtual event*

The first virtual seminar on "Just Transition and Development Models" took place on September 16, 2020. It is part of an agenda of scheduled events up to December included in the bilateral technical cooperation initiative Brazil - Germany "Toward a Just Transition: An Opportunity for Minas Gerais".

Cesar Cunha Campos, Director of FGV Europe, opened the session by thanking all the partners of the initiative: the German Consulate General in Rio de Janeiro, the German Ministry of Foreign Affairs (Auswärtiges Amt), the Government of the State of Minas Gerais, which received the Just Transition proposal with great enthusiasm, and the Brazilian Ministry of Mines and Energy, which also supports the initiative.

*"Since the inauguration of FGV Europe in 2016, FGV's international representation office in Cologne, we have established important partnerships with the German government as well as with public and private companies in this country. Among them is the bilateral initiative "TOWARD A JUST TRANSITION: AN OPPORTUNITY FOR MINAS GERAIS", launched under the patronage of the German Ministry of Foreign Affairs and the German Consulate General in Rio de Janeiro", commented Cesar Cunha Campos.*

Then, Brazil's Minister of Mines and Energy, Bento Costa de Albuquerque, emphasized the importance of the initiative and the role of the Ministry of Mines and Energy (MME) contributing to the federal perspective. He further reinforced the importance of mining in the context of the just and sustainable energy transition, observing that *"as well as the premise that supports the Just Transition initiative, we have a broad conviction that mining activities are fundamental to the global energy transition movement. Brazil and the state of Minas Gerais can be involved in this debate on a global scale. Not only because of Brazil's clean energy and electricity matrixes and the policies developed to keep them at the forefront of sustainability, but also because Brazil is a mining powerhouse, and Minas Gerais is a major school in the activities developed in this sector in the country"*.

The Brazilian Minister of Mines and Energy also emphasized that, *"until today, the mining industry, in its diverse segments, is the main component of the economy of Minas Gerais, which remains the largest mining state in the country, being responsible for about 53% of the Brazilian production of metallic minerals and 29% of minerals in general. The state extracts more than 160 million tons of iron ore per year, has mineral reserves of niobium for more than 400 years and has regions with geological vocations for specific mineral resources such as iron, gold, phosphate, niobium and lithium. This protagonism will be very useful for the reflections that the Just Transition initiative will bring on how mining activities, and their practices, can evolve in the future, following the best international practices and Germany's examples of success, evolving from an extractive economy to a sustainable and diversified economy in the context of the global energy transition. In national terms, mining is responsible for generating 2.6% of the Brazilian GDP, in just over 0.6% of the national territory. It is the activity that generates the most wealth in a minor area"*.

The Brazilian Minister of Mines and Energy concluded: *"reaffirming the conviction that initiatives such as the Just Transition are very positive for the society because they rely on the expertise of various stakeholders that can help shaping the mining of the future, which in Brazil is promising. Minerals such as lithium, nickel, cobalt and rare earths, are structuring elements of new technologies for low carbon economies"*.

The Vice-Governor of Minas Gerais, Paulo Eduardo Rocha Brant, further emphasized the weight of mining in the economy of Minas Gerais and in the country and congratulated the MME's support to the sector. He also stated that the technological cooperation from Germany is fundamental. Germany has successful experiences in the Ruhr valley and in other areas from which we can learn a lot. The Just Transition is all that Minas Gerais wants and the government of Minas Gerais supports 100% this initiative, commented the Vice Governor of Minas Gerais, Paulo Eduardo Rocha Brant.

In this connection, the Consul General of the Federal Republic of Germany in Rio de Janeiro, Dirk Augustin, says that *"Germany is ready to share its experiences and solutions with Brazil and its states, which have a lot of experiences to exchange as well. Especially with the state of Minas Gerais, which has a very important role in the mining industry"*. The Consul also reinforced that Germany can contribute to the topic of Just Transition in Mining Territories through *"experiences in structural changes and in the remodeling of industrial landscapes such as the Ruhr Valley and the Lusatia Region"*.

The President of the Federation of Industries of the State of Minas Gerais (FIEMG), Flávio Roscoe Nogueira, highlighted that the FIEMG together with the State Government, AMIG, SEBRAE, BDMG and IBRAM is *"discussing on how to achieve a just transition from a territory that is exclusively mining or where mining is the priority economic activity, to a more hybrid model including other activities. Thus, when mining ends its mineral cycle, the municipality can advance with other activities"*. Therefore, the president of FIEMG highlighted that *"the State of Minas Gerais is aware and has been trying to find solutions and carry out strategic plans for these municipalities. Therefore, getting to know more about the German experiences throughout the webinar will be extremely important"*.

During the technical session the opportunities and challenges of a just and sustainable transition process in Minas Gerais, based on German experiences, were discussed. Under the moderation of Marco Saverio Ristuccia, Senior Economist and Coordinator of the Initiative "Toward a Just Transition: An Opportunity for Minas Gerais" of FGV Europe, the debate aimed to *"identify opportunities for cooperation between Minas Gerais and Germany for the elaboration and execution of projects in the municipalities of Minas Gerais"*, said Marco Saverio Ristuccia.

This session was attended by the following speakers: Timon Wehnert, Senior Researcher and Head of the Berlin office of the Wuppertal Institute for Climate, Environment and Energy, Frederico Gonzaga Jayme, Director of the Center for Development and Regional Planning (Cedeplar) of the Faculty of Economic Sciences of Minas Gerais (UFMG) and Aduino Modesto, Chief Economist of the Development Bank of Minas Gerais (BDMG).

The participants reflected on the reformulation of sustainable development strategies and actions for the territories impacted by the mining industry within the Just Transition approach. The discussions covered the structural change of territories and economic diversification to maintain resilient, competitive and sustainable regions.

Marco Saverio Ristuccia opened the session by presenting the objectives of the bilateral cooperation initiative, the concept of the long-term transition of predominantly extractive regional economies towards more sustainable and diversified economic development models. He highlighted the relevance of the initiative "Toward a Just Transition: An Opportunity for Minas Gerais" to the priorities of the political agenda in Germany and Europe. He also reaffirmed the importance of the German experiences of a Just Transition in mining territories as an important reference point for the Brazilian context. In addition, the moderator explained the analysis aspects that will be addressed as part of the virtual events scheduled in the upcoming weeks.

Afterwards, the speakers discussed the topic of Just Transition in relation to development models.

Timon Wehnert presented experiences of transformation of the socio-economic structure in mining territories in the Ruhr and Lusatia region, in accordance with the concepts of the Just Transition, focusing on aspects that guide long-term structural change in these territories, and on the relevance of regional innovation systems in the context of transition processes oriented towards climate policies, such as the progressive elimination of coal and the decarbonization of the industrial sector.

Frederico Gonzaga Jayme, on the other hand, presented a panorama of the Brazilian economy in relation to the diversification aspects of the economic matrix. A reflection well represented by the relationship between the dynamics of the complexity of economic systems - in terms of diversification of productive sectors and interdependencies between sectors - and their competitive strength. The work led by Frederico shows the need to promote this complexity to improve the economic conditions of Brazilian regions.

Adauto Modesto presented the actions and financing programs that BDMG makes available for the sustainable development of Minas Gerais, as well as the proactivity of the institution in initiatives of the Minas Gerais system to promote structural changes in the territories of Minas Gerais. Specifically, it emphasized the Shared Value Creation platform, which aims to contribute to the process of changing relations between the productive system and territories, as well as the Bank's participation in the initiative of productive reconversion in mined territories, together with the main institutions of the State of Minas Gerais.

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Website FGV Europe:

<https://fgveurope.fgv.br/>

Website FGV Europe dedicated to Just Transition:

<https://fgveurope.fgv.br/projects>

Exclusive website for the Just Transition initiative/event, in Portuguese and English:

<https://eventos.fgv.br/transicao-justa>

<https://eventos.fgv.br/en/just-transition>

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