

**Global Strategy Group Meeting – November 2018**  
**Digital transformation**  
**Marcelo Guarany as key note speaker at the dinner of OECD GSG**

Mr. Secretary-General,

Chairman Vestergaard,

All authorities here presente,

Dear colleagues,

It is my great pleasure to be at the Global Strategy Group dinner tonight, debating the important issue of digital transformation with all of you. Last time I came to OECD, in June, Brazil had just requested the initiation of the accession process to the Organization inaugurating a new phase of this long term and mutually-benefit relationship.

As you all know, Brazilian economy has undergone a sharp upturn in recent years, emerging from an economic boom to a deep recession. In 2015 and 2016, Brazil reported two consecutive years of decline in GDP, the worst result of the economy ever recorded by the official statistics. The economy shrank 3.8% in 2015 and 3.6% in 2016.

With the economic crisis it became clear the need to improve public policies to make spending more efficient. In the same way, it was reinforced the importance of improving the instruments of evaluation of the regulation with the intention of reducing unnecessary costs for the society.

We are strongly committed to have the country back on the path to sustainable development and economic growth. We are making a huge effort to advance our

policies in innumerable areas in order to recover our economy and tackling inequality. And digitalization, as a major driver and enabler of socioeconomic benefits, could not be out of our priorities.

Brazil has a highly connected population, especially in social media. Brazil is the third biggest country in Facebook, in terms of active users, just behind India and United States, with around 140 million users – 62% of the population; and third in terms of Whatsapp users, with around 120 million users, or 53% of the population.

Despite having such a connected population, currently, Brazil occupies the 81st position of the GCI - Global Competitiveness Index. This position falls short of the possibilities the country can achieve, impacting the level of attractiveness of Brazil for new investments and the image of the country in the international scenario. To overcome that, we recently launched the Brazilian Strategy for Digital Transformation aiming to significantly increase Brazil's position in this index over the next five years.

It is certain that changes must occur for the betterment of society and those changes can affect some people more positively than others. However, the role of a Brazilian Strategy for Digital Transformation is precisely to coordinate various public policies so that the appropriation of digital technologies occurs widely, without serious social harm to entire sectors of the economy, in favor of building a society that is more free, just, and prosperous economically.

Digitalization opens up many new opportunities. Today it is possible to imagine access to educational resources equally, no longer affected by geographic location, income, race, gender and other factors. There are more and more economic advantages through automation, through data analysis and through decision-making using algorithms and data. New themes involving the protection of privacy and the

rights of the human being arise with the rapid dissemination of data and the increasing economic value of its use. A health care that is accessible, cheaper and better for all is also a promising opportunity for digital technology.

The Brazilian Strategy for Digital Transformation seeks to create a positive environment for the development of digital transformation of the Brazilian economy, with key initiatives to leverage digitalization. Such initiatives include infrastructure and access to information and communication technologies; effective actions in research, development and innovation; development of a better regulatory environment; standards and regimes that promote trust in the digital world; acquisition of educational and professional skills that are appropriate to the digital economy; and Brazil's international insertion in topics such as internet governance and business promotion.

As you can see, 2016 and 2017 have been years of improving some of our policies and our macroeconomic prospects. By 2018, the situation is going to be even better. We are implementing a series of reforms aimed at boosting productivity and modernizing labor laws, the pension system and the complex tax legislation. OECD outlook released today already shows 3 years of increasing growth to come.

The approach to OECD is part of the strategy of the Brazilian government to establish a concrete path for a sustainable and inclusive development. It has been 6 months since we have made our formal request to accede OECD. Brazil has been working closely with OECD for more than 20 years and even closer after our formal request to become a member. As a 'Key Partner', Brazil has adhered to 35 OECD instruments and 23 OECD bodies. Since June, even without having the formal answer from member countries, we have already requested adherence to more 62 instruments. Another 8 will be requested soon, which will total 44% of all legal instruments. We also identified evidence of progress towards adherence to 104

other instruments (44%), which would lead to 12% of all instruments with major challenges to be discussed during the accession process. I truly believe that we are the most closely aligned non-OECD country to OECD standards.

We are strongly committed to a fiscal consolidation agenda and to structural reforms that will ensure a sustainable path for the public debt. The new policy is based on fiscal discipline, a market-friendly agenda focused on boosting productivity and competitiveness with less state intervention, strengthening the role of regulatory agencies, and increasing domestic savings. The increase in productivity will now begin to generate jobs.

Also, a series of microeconomic reforms are being designed and proposed, aiming at improving productivity, competitiveness and business environment. The objective is to reduce red tape, increase the provision of relevant information for business decisions and lower its acquisition cost, enhance credit conditions and turn labor contracts more flexible. The measures will lower the cost of doing business in Brazil, thus raising economic growth and stimulating job creation.

Concerning the labor market reform, a set of measures to modernize labor legislation was just implemented, seeking to preserve and create jobs without removing workers' rights. These changes will all benefit many of the OECD member countries that have substantial business in Brazil and would benefit also from Brazil membership and the improvement in our business environment.

Summing up, the progress of the fiscal consolidation program, combined with other structural economic reforms will create the adequate environment for Brazil to take advantage from the benefits from globalization, towards a sustainable path of economic growth, less dependable on the state and capable to strengthen the recovery of the Brazilian economy.

I believe that OECD's idea is to be an organization that brings together the world's most relevant countries. OECD is also an organization that observes and demands modern rules for economic administration, management, transparency, openness and ethics. The alignment to OECD standards will cement Brazil's progress on business environment reform.

It is important to mention that the Brazilian membership has a strategic dimension for this Organization as well. Brazil will be able to enjoy a privileged strategic position in the international system: we will be the only country simultaneously to be part of the OECD, the BRICS and the G20. These groups recurrently formulate common positions and influence the course of the global economy and Brazil always plays an important leadership role.

I have, myself, full confidence that, as an important player in the global economic governance, Brazil has all the conditions to become an OECD member. The fundamental changes we have been making in the Brazilian economy will be maximized when the accession process begins.

We are aware of the domestic efforts we will have to make when we become a full member. And we are willing to do it! The consequent legislative changes will improve our institutions and regulations in favor of productivity and growth, a path we have already begun to pursue and whose continuity is essential to overcome the challenges we face. I hope we can fully join OECD soon and begin to contribute even more to better policies for better lives!

Thank you very much

Have a great night