Editors' Note

THROUGHOUT BRAZIL'S HISTORY, major public finance reforms have generally been preceded by major crises. The decision to confront opposition to reforms and make changes is often made when fiscal imbalances that are harming public welfare raise public awareness of the magnitude of the crisis—and the proximity of the abyss. This happened, for example, in 1997 when the federal government started restructuring the debts of the states, paving the way for approval of the Fiscal Responsibility Law in 2000, which itself had been inspired by the best international practices to remedy a fiscal crisis.

Today, large deficits make the trajectory of Brazil's public debt unsustainable, prompting the government to carry out emergency measures to address the full breadth of the public finance crisis. The hope of resolution of the political crisis with the proceedings to impeach President Rousseff may begin to open space for discussing alternative measures to bring Brazil back from the brink and onto a sustainable public finance path to revive confidence and lead to resumption of economic growth. This issue was discussed at FGV in April at the Second Joint IMF-FGV International Seminar on Fiscal Policy and the Pension Reform Conference: An Opportunity for Brazil. As is reported in this issue, both events provided a rich and thoughtful analysis of Brazil's public finance crisis. The main takeaway from both was that Brazil needs to prevent the one-off adjustments advocated by political interests and invest in structural reforms that will be effective through the medium and long term.

This issue also profiles two sectors that hold great promise for Brazil, agribusiness and nuclear energy. In an interview, Mauricio Lopes, president of Embrapa, describes the agency's new business model to attract private finance for research projects, making it less dependent on the Treasury. Lopes believes there is room to substantially increase agricultural productivity and production. Meanwhile, the nuclear industry seeks policies to encourage it to explore Brazil's rich uranium reserves and possibly produce and export enriched uranium. Brazil is one of very few countries that can manage the full cycle of uranium enrichment.



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