

ENVIRONMENTAL POLICY IN BRAZIL

THE NATIONAL COUNCIL OF THE LEGAL AMAZON

- **The creation of the National Council of the Legal Amazon was announced by president Jair Bolsonaro on January 21st, 2020, with the objective that it coordinate the various actions, in each ministry, aimed at the protection, defense and sustainable development of the region. Under the direction of vice president Hamilton Mourão, the National Council of the Legal Amazon officially inaugurated its work on April 22nd. The president also determined the creation of a National Environmental Force, composed of personnel from various States (regional environmental agencies and military police), to protect the environment and the Amazon.**
- **The goal is to guarantee a permanent presence in the region, integrating the Armed Forces and environmental agencies, in order to prevent illegal activities and to achieve significant and permanent reduction of illegal deforestation. Due to their operational capacity to provide security and logistics, the Armed Forces act as a coordinating element. Nevertheless, they do not replace – but rather complement the action of the bodies effectively responsible for oversight and control, which are IBAMA, ICMBIO and state agencies, whose inspectors must permanently access areas that are far from urban centers, often reached only by water courses that are difficult to navigate.**
- **Within the scope of the Council, thematic subcommissions were created with the participation of all relevant government bodies. These subcommissions are currently outlining actions that are expected to become effective in the short term. A number of control structures shall be shortly put into operation in the Amazon, to quickly stop the increase in deforestation and avoid a dramatic scenario of fires in the dry season.**
- **In addition, the Office for Institutional Security of the Presidency (GSI, in the Portuguese acronym) created the Office for Preventing and Combating Deforestation and Fires. It gathers government bodies with technical, defense and security competencies to analyze measures to be adopted immediately and implement a "zero tolerance" policy regarding illegal deforestation and combating fires caused by seasonal factors and climate change.**

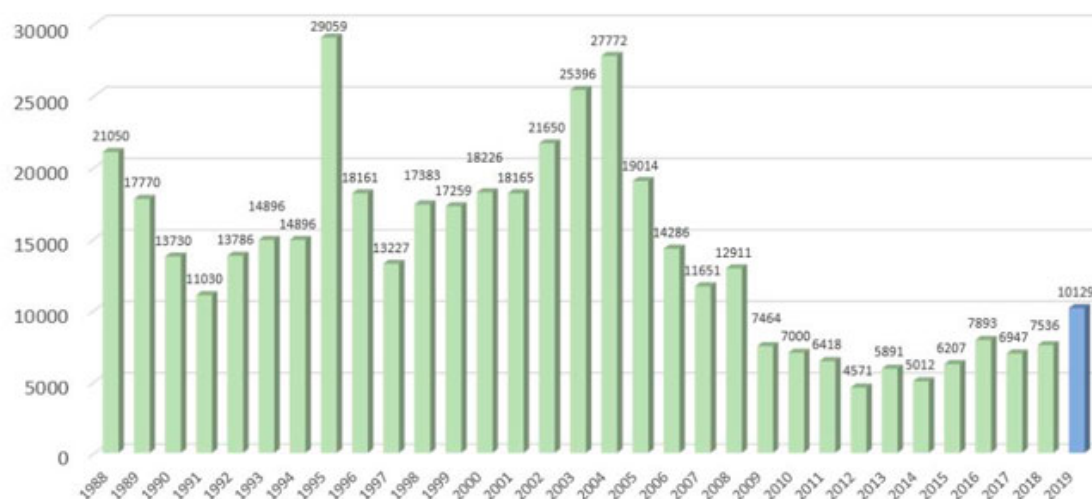
OPERATION GREEN BRAZIL 2

- **As part of the immediate actions proposed by the National Council of the Legal Amazon, operations were launched on May 11th in the Brazilian Legal Amazon, in the framework of Operação Verde Brasil 2 (Operation Green Brazil 2). The legal basis for the operation is Decree No. 10.341 of 6 May 2020, signed by President Jair Bolsonaro, which authorises the deployment of the Armed Forces to guarantee law and order (or GLO, in the Portuguese acronym) with the aim of preventing and combating environmental crimes, as well as fighting fires in the Legal Amazon.**

- **Operations, which are coordinated by the Center of Joint Operations of the Ministry of Defence, were launched from Porto Velho (state of Rondônia), Cuiabá (Mato Grosso) and Marabá (Pará), and began in National Forests of Jacundá and Vila Samuel, in the State of Rondônia. IBAMA and ICMBio personnel are undertaking raids and imposing penalties in these locations. Agents from the Brazilian environment agency IBAMA and the biodiversity conservation institute ICMBio have been deployed, under the protection of federal forces (the Brazilian Army, the Federal Police, the Federal Highways Police, the National Security Force, the Brazilian Navy and Brazilian Air Force), who are acting with the police powers conferred to them by the GLO presidential decree. Their planning has been based on intelligence reports by the Brazilian Intelligence Agency and on satellite images generated by the Operational and Administrative Centre of the Amazon Protection System, which can identify illegal activities in areas protected by Federal Law.**

ENVIRONMENTAL PRESERVATION IN BRAZIL

- **In recent decades, Brazil has developed the capacity to balance agricultural production with conservation. Brazil was a pioneer in conservation policies, with the implementation of its first Forest Code in 1934. Thanks to this longstanding effort, over 66% of the Brazilian territory is covered with native vegetation, with farming limited to around 30% of the territory, 8% of which is devoted to the country's agriculture and around 22% to livestock, according to Embrapa Territorial.**
- **There has been a significant reduction in annual deforestation rates in the Amazon region: from 27,772 km² in 2004 to 10,129 km² in 2019 (a 63,5% reduction)¹. In February 2019, Brazil became the first country to receive payments amounting to US\$96 million, from the Green Climate Fund, for environmental services of deforestation reduction.**



¹ According to PRODES system of the National Institute for Space Research (INPE), whose data can be accessed at <http://www.inpe.br/noticias/noticia.php?Cod_Noticia=5465>.

- **The area covered with native vegetation in Brazil amounts to 66.3% of the national territory: 25.6% as native vegetation in rural estates; 13.8% as indigenous lands; 10.4% as conservation units; and 16.5% in vacant and unregistered lands, according to Embrapa Territorial.** *If they were superimposed on Europe, the indigenous lands and conservation units alone would entirely cover the combined areas of Germany, Belgium, Spain, France, Italy, the Netherlands, Portugal and the United Kingdom. Territory dedicated to crops and planted forests (8%) is lower than the total of indigenous lands (13,8%).*
- **Brazil is one of the countries with the largest extent of protected areas in the world².** *These areas currently account for 12% of the continental protected areas worldwide and more than half of the areas dedicated to that purpose in Latin America and the Caribbean.*
- **Amongst the ten largest countries in the world, Brazil is the most environmentally friendly in terms of protected areas (24.2% of total land surface)³.** *The average of the total protected areas in this group of countries (excluding Brazil) is only 10.9%. Furthermore, protected areas in large countries correspond, to a great extent, to unpopulated deserts or to polar or mountainous regions, unsuitable for agricultural use or even for human habitation. In Brazil, almost without exception, protected areas are inhabitable and rich in biodiversity.*
- **The Brazilian Forest Code (Law 12,651/2012) requires all rural estates to preserve the native vegetation in 80% of their land, if the land is situated within the Amazon biome; 35%, if it is in the transitional area between the Cerrado and the Amazon biomes; and 20% in other biomes.** *Brazil is the only country in the world with conservation requirements whereby farmers are responsible for the conservation of a great deal of the territory, without receiving any financial compensation in exchange.*
- **In the Amazon, the main challenge is combatting illegal practices.** *70% of deforestation takes place outside rural estates, that is, in public and vacant areas. And not because of farming, but rather through illegal activities, such as land-grabbing or wood theft, among others.*
- **The protection of the Amazon is not limited, however, to the repression of environmental offenses.** *It is essential to develop tools for the sustainable management of the forest and its resources, allowing the use of the immense Amazonian biodiversity, for the benefit of the inhabitants of the region. The axes for the development of the region include the development of bioeconomy and strategic mining, within projects that respect human rights and the environment legislation.*
- **Brazil's legal framework for the protection of native forests is modern and comprehensive, but depends on financing to be efficiently enforced.** *Even with the current challenging fiscal situation, Brazil continues to direct significant amount of resources towards environmental preservation. The Brazilian government is interested in reactivating cooperation through the Amazon Fund, and other forms of financing are also being sought. Cooperation with other countries, whether through financing or*

² According to the "Protected Planet Report 2016" by the United Nations Environment Program (UNEP) and the World Conservation Monitoring Centre (WCMC).

³ *Ibidem.*

the exchange of technologies and good practices, is an important element in promoting structural changes.

- **The Brazilian government is willing to maintain a high level dialogue and to work in partnership in search of points of convergence, with full respect for the principles of sovereignty and territorial integrity.** *This partnership could be deepened with the approval of the MERCOSUR-EU association agreement, whose entry into force will expand the possibilities of cooperation in several areas, with direct benefits for citizens on both sides of the Atlantic Ocean.*

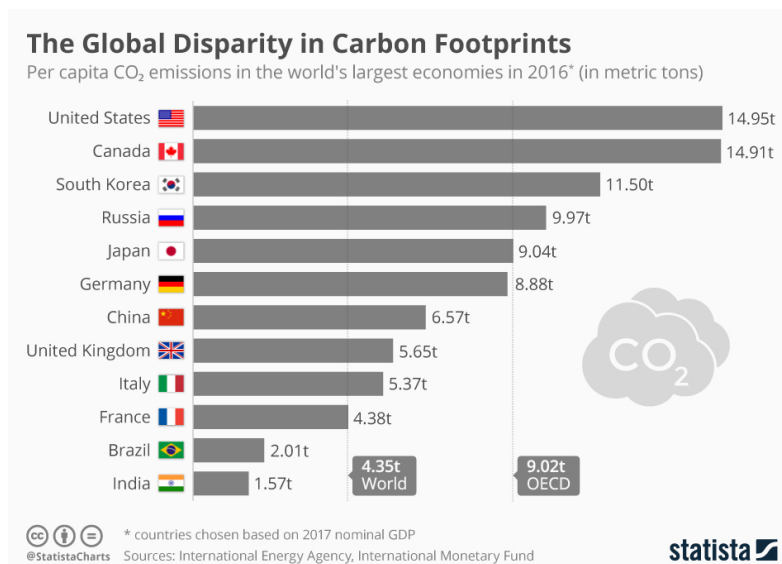
PROTECTION OF INDIGENOUS LANDS

- **The Brazilian Constitution guarantees the original rights of indigenous peoples to the lands they traditionally occupy.** *Today there are 600 units of indigenous land in Brazil, spanning over one million square kilometers (118 million hectares) – 13,8% of the national territory and 23% of the Amazon region as it is legally defined. These reserves constitute the largest native vegetation preservation areas in Brazil.*
- **The country has been intensively controlling and restricting irregular activities involving loggers, land grabbers and gold miners, in order to reduce the rate of deforestation and encroachment on indigenous lands.**

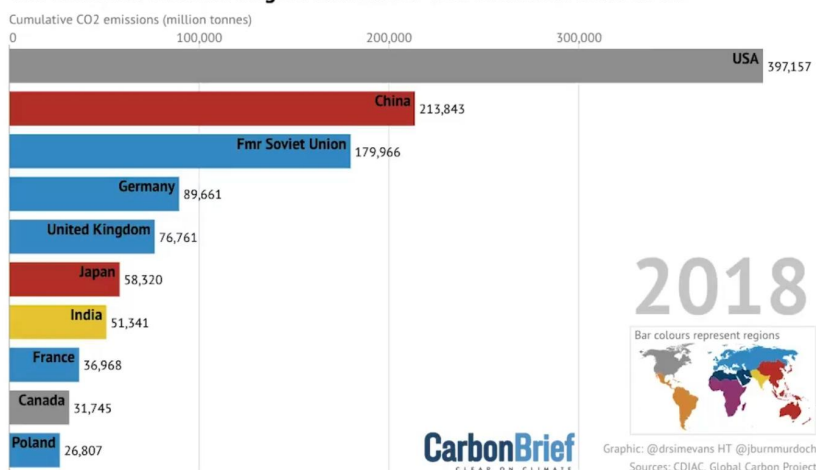
CLIMATE CHANGE

- **There is currently an acute disparity in the use of the planet's environmental resources.** *Developed countries consume 70% of energy, 75% of metals and 85% of the world's production of wood. The proportion of renewable sources in the energy mixes of OECD countries is of 10.6%; in Brazil, the energy matrix is made up of 45.3% of clean and renewable sources. We are looking to expand wind, solar and biomass generation.*
- **Brazil maintains its commitment to the Paris Agreement and remains an active participant in the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, the Paris Agreement, and in numerous other negotiations and discussions on the environment.** *Under the Paris Agreement, Brazil aims to conclude negotiations on the carbon market, a key instrument for the reduction of greenhouse gas emissions.*
- **Among large developing countries, Brazil is the only one to have adopted absolute emission reduction targets for the economy as a whole.** *Brazil's Nationally Determined Contribution (NDC) provides for a 37% reduction in greenhouse gas emissions by 2025, and a subsequent 43% reduction in 2030 based on 2005. In 2015, Brazil achieved a 35% reduction in emissions compared to 2005.*
- **Regarding Nationally Appropriate Mitigation Actions (NAMAs) within the UNFCCC, Brazil has been making a concrete contribution to mitigating climate change in the pre-2020 period.** *The national voluntary commitment is to reduce its projected emissions by 36.1% to 38.9% by 2020. In 2015, Brazil achieved a 58% reduction in emissions compared to the 2020 projection.*

- **Brazil's NDC is more ambitious than those of several developed G20 member countries.** According to UNEP' Emissions Gap Report 2018, only three G20 countries are on track to comply with their respective NDCs: Brazil, Japan and China.
- **Recent figures from the IEA indicates that Brazil has by far the greenest energy mix among the world's largest energy consumers.** Renewable energy account for more than 45% of Brazil's energy mix (world average: 13.7%), driven by significant contribution of bioenergy and hydropower.



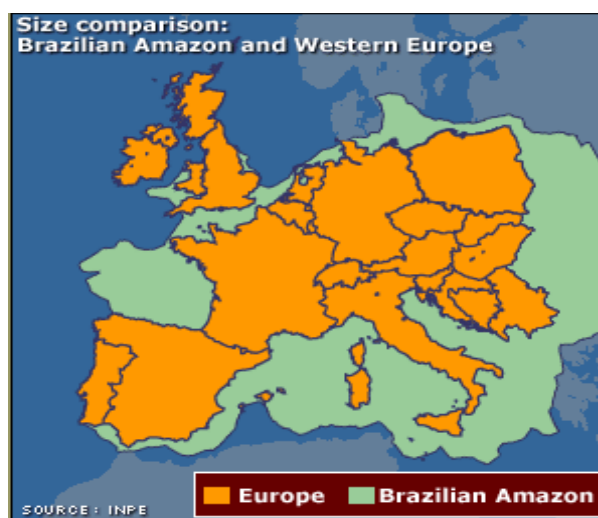
The countries with the largest cumulative CO₂ emissions since 1750



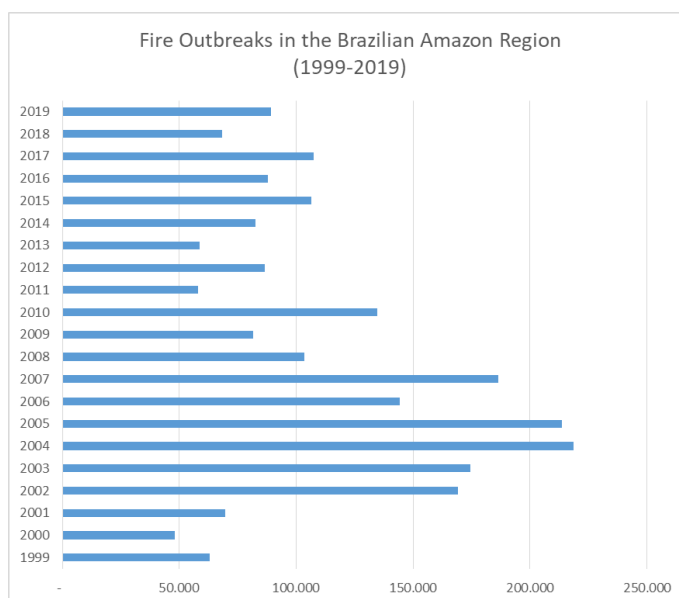
- **At UNFCCC COP26, Brazil will present the first results achieved by the Council of the Amazon and its planning for the coming years.** Brazil expects to reach agreements that are beneficial to all parties, without losing sight of the high level of collective ambition needed to face the challenge of climate change. In this sense, developed countries need to advance the commitments they have made on financing mitigation actions in developing countries.

FIGHTING THE FIRES IN THE AMAZON REGION

- The Amazon forest encompasses an area of approximately 5.5 million km² in the territories of Brazil, Bolivia, Colombia, Ecuador, Guyana, Peru, Suriname, Venezuela and the French Guiana. *Fighting fires in the Amazon region is a big challenge for the Amazon countries, due to the size of the forest, the difficulties to access simultaneous fire spots and the speed with which the fire spreads during the dry season.*



- According to data from the National Institute for Space Research (INPE) – which is publicly available and can be accessed online –, the number of fire outbreaks in the Brazilian Amazon biome last year (89,178) is 26% below the historical average since 1999 (112,032) and only 1,3% above the average of the last 10 years (87,992).



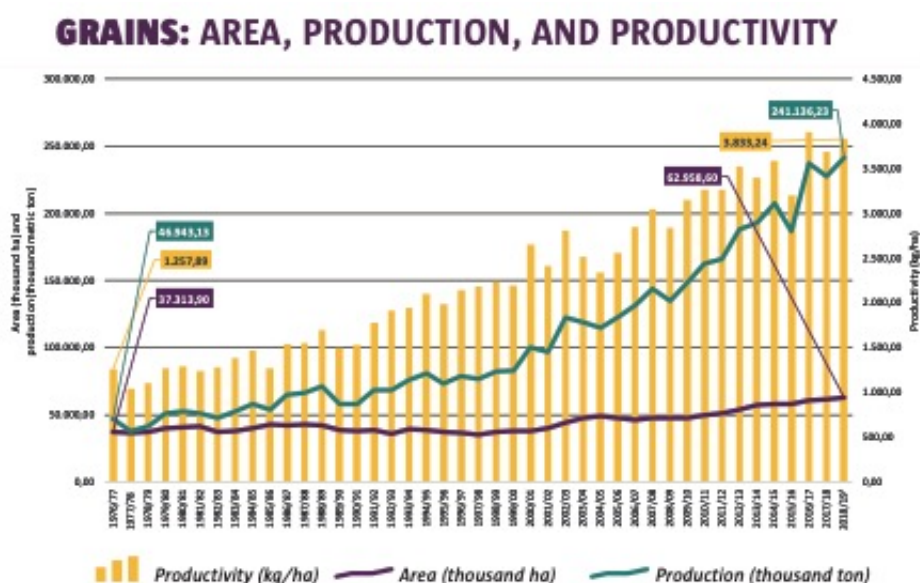
- The dramatic decrease of the fires outbreaks in the Amazon from September to the end of the dry season in 2019 was largely a direct consequence of the broad actions

taken by the Brazilian government. These actions include the launching of the first Operation of Law and Order Guarantee designed for environmental protection in Brazil, through Presidential Decree 9.985 signed by President Jair Bolsonaro on August 23rd, 2019. Although in August 2019 there were more fire outbreaks than the historical average, in September their occurrence was far below the average and in October there were actually the lowest number of fires in the Brazilian Amazon since the beginning of the historical series in 1998.

- **Brazil will continue to fight criminal fires and illegal deforestation, and to foster sustainable agribusiness.** Federal and state governments are committed to enforcing compliance with the national environmental legislation. The Brazilian agro-export private sector is firmly engaged in the maintenance and development of sustainable public policies and practices in the Amazon and other Brazilian biomes, particularly with regard to combatting illegal deforestation associated with agricultural production.

SUSTAINABILITY OF BRAZILIAN AGRICULTURAL ACTIVITIES

- Over the past 40 years, Brazilian investments in agricultural research have developed cutting-edge technologies which have strengthened the sustainability of tropical agriculture. These efforts resulted in an increase of national production of over 700%, while the expansion of the production area was limited to 30%. This trend generated a land-saving effect that reduced pressure on preservation areas.
- The expansion of Brazilian agricultural production was due not to increased land use or to deforestation, but to greater productivity in the countryside, which, according to a productivity study carried out by the Ministry of Agriculture, Livestock and Supply, averaged 3.36% per year in the period from 1975 to 2018. In the same period, grain production increased fivefold, while the area occupied by plantations remained practically stable. In the most recent period, from 1999 to 2018, productivity growth reached 3.5% per year.



Comparisons of harvests from 1976/2019 until 2018/2019. Includes production forecast for the year 2018/2019. "Grains" include barley, beans, castor beans (Ricinus), corn (maize), cotton, oats, peanuts, rice, rye, soybeans, sorghum and wheat. Source: Brazilian National Food Supply Company (CONAB).

AGRICULTURAL PRODUCTION AND FIRES IN THE AMAZON

- **Soybean production in Brazil is not directly correlated to the outbreaks of fire and illegal deforestation in the Amazon.** Soybean production is not relevant in the municipalities with the highest number of reported fires in the Amazon region last year, according to data from the National Institute for Space Research (INPE) and the Brazilian Institute of Geography and Statistics (IBGE).
- **Regarding beef production in Brazil, over the past two decades, there have been gains in productivity with an overall reduction of pastures areas.** According to data produced by IBGE and INPE, from 1990 to 2018, livestock production in Brazil increased by 139%, while the total area used for pasture decreased by 15%.



LAND TENURE REGULATION IN BRAZIL

- **Land tenure regularization is a process that aims to solve a historical problem in Brazil of formalizing the occupation of the national territory.** Among other benefits, it is important to facilitate the identification and accountability of those who commit crimes against the environment, thus enabling the State to act in command and control, as well as to promote the benefits of public policies.
- **Land regularization helps to reduce illegal deforestation.** Studies demonstrate a correlation between titled areas and reduced deforestation. In 2017, deforestation in untitled areas was 134% higher than in titled areas. The Brazilian government supports that the full compliance with legal environmental obligations must be a condition for land regularization.
- **The progress of the Government's territorial public policies such as Agrarian Reform, the demarcation of indigenous lands or quilombola territories or new conservation units are not threatened by the process of land regularization.** The regularization

process does not allow regularization in lands belonging to quilombolas, indigenous and conservation units.

- **Following the expiration of provisional legislative measure No. 910/2019, the Brazilian Congress is currently discussing bill No. 2,633/2020, which amends Law No. 11,952/2009 and aims to make the land regularization process more agile, guaranteeing the necessary security in the procedure, through the use of technological instruments of remote sensing and public data. According to the proposal, the remote sensing mechanisms shall only be used for small and medium-sized rural producers, who account for 85% of the regularization requests.**