

Tracking and Analysis November/2020

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#### 1 - Introduction

The *Politica Por Inteiro* tracks policy signals that affect the environment and climate change in Brazil by using data science and policy analysis to understand the government's actions and strategies. Through monthly outlooks like this one, we aim at differentiating signals from noise and capture relevant trends to economic and civic actors.

The current edition summarizes relevant Brazilian government's signals from NOVEMBER 2020, quantifying the number of actions by theme (from energy to conservation) and by type (according to our own classification), as well as the most important trends for November. In January we will analyze the year 2020 as a whole.

#### 2 - Number of actions

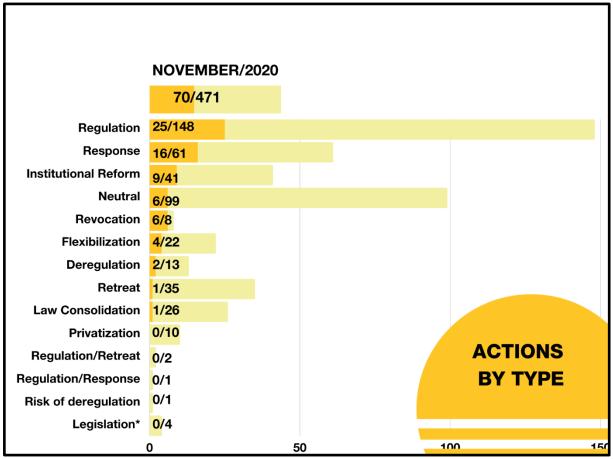
In November, our Government Actions Tracker identified **70 measures** relevant to environmental policy and climate change from the Federal Executive Branch published in the Federal Official Gazette. We are implementing a more in-depth tracking of Legislative Branch signals, systematically monitoring, since September, actions from the Congress, totaling **6** actions in the last month: 5 Bills of Law (PL) and 1 Request (RQS).



#### 2.1 - Classification

Regarding classification, 25 actions fit under "regulation". It's worth mentioning that there were 16 "response" measures in November. Besides the frequent declarations of environmental emergency, there were also response actions related to the extension of Operation Green Brazil 2 in the Legal Amazon, the publication of geographical coordinates of areas embargoed due to deforestation, guidelines for the recovery of tourism in the country and the creation of the Crisis Cabinet within the Ministry of Mines and Energy in response to the blackout in the state of Amapá.

"Institutional reform" added up to 9 actions in November, followed by 6 actions considered "neutral". We only tracked 1 "law consolidation" action, in contrast with October, when they were frequent. We highlight the fact that the deadline for the first stage of the legislation review process ends on November 30. In November we identified 6 "revocations" as a consequence of prior "law consolidations", as well as 2 "deregulation", 4 "flexibilization" and 1 "retreat" actions.



\*Due to a change in methodology, actions listed as "Legislation" (i.e., from the Congress) stopped being included in the Tracker since September.

#### 2.2 - Themes

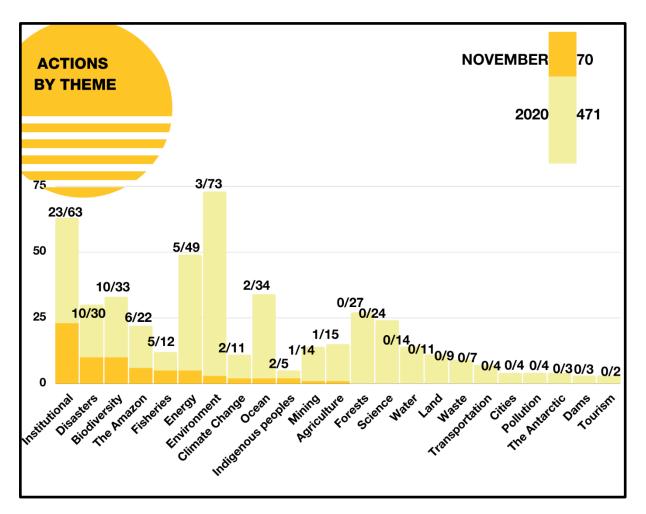
The theme with the highest number of measures this month was Institutional (23), accounting for over 30% of all actions monitored by the Tracker in November. This is



an indication that there has been significant change in organization and management which, considering the public policy cycle, shall originate signals of execution/operation – that normally have more perceptible impacts for society.

With a much lower count, Biodiversity (10) and Disasters (10) ranked second in November, followed by: The Amazon (6); Fisheries (5); Energy (5); Environment (3); Ocean (2); Climate change (2); Indigenous peoples (2); Mining (1); Agriculture (1).

All actions, their classification and implications may be checked on <u>our website</u> and also on <u>this tool</u> that will soon be integrated to <u>politicaporinteiro.org</u>.



# 3 – Analyses by type and by theme

# Institutional

We listed under "revocation" various norms published continuing the Federal government's legislation review process. These norms promoted batch revocation, generally associated to the process called law consolidation (measures in compliance with Federal Decree 10,139/2019).

Thus, "revocation" has followed "law consolidation" and, this month, it was conducted at the following institutions:



- National Land Transport Agency (ANTT): RESOLUTION No. 5,916, 24 NOVEMBER, 2020;
- Ministry of Mines and Energy (MME): ORDINANCE No. 417, 26 NOVEMBER, 2020;
- Ministry of Agriculture, Livestock and Food Supply (Mapa): ORDINANCE No. 376, 25 NOVEMBER, 2020; and
- Ministry of Finance (ME): ORDINANCE ME No. 372, 06 NOVEMBER, 2020.

It is important to remember that Federal Decree 10,139/2019 established deadlines, goals and procedures for the "law consolidation" to take place. The first stage ended on 30 November but the vast majority of the Federal government's institutions did not meet the deadline. For further details, check our <u>exclusive report</u> on the topic.

Direct "law consolidation", not related to Federal Decree 10,139/2019 was conducted by the Brazilian Navy (ORDINANCE No. 226/MB, 30 JULY, 2020) and by the Presidency (DECREE No. 10,554, 26 NOVEMBER, 2020), revoking, at once, 304 federal decrees. POLÍTICA POR INTEIRO's team checked that most norms had already "expired" or did not refer to topics of major environmental relevance (e.g.: establishing special dates for specific personalities from Brazilian culture).

Another important theme in November was access to information. We consider as relevant Normative Instruction 24/2020, by Ibama (Brazilian Institute for the Environment and Renewable Natural Resources), establishing the procedures for ombudsman activity and for requests of access to information received by the institution. The new norm (matter previously regulated by Ordinance 05/2016) changed the former procedures, including extensive details, especially on situations when access to information requests shall be denied. Check our specific in-depth <u>analysis</u> on this norm.

#### Disasters

Regarding "disasters", in November there was a continuation of the declaration of emergency situation in many regions in the country, with the publication of 10 ordinances by the Ministry for Regional Development. As indicated in previous documents, such emergency situations are considered by POLÍTICA POR INTEIRO's team as "responses".

# Biodiversity

The norms published concerning the advisory boards of federal conservation units were listed as "institutional reform". The following conservation units saw changes to their advisory boards:

- Natural Monument of the Cagarras Islands Archipelago, in Rio de Janeiro: ORDINANCE No. 1,058, 03 NOVEMBER, 2020;
- Contendas do Sincorá National Forest, in the state of Bahia: ORDINANCE No. 1,057, 05 NOVEMBER, 2020;
- Pacotuba National Forest, in the state of Espírito Santo: ORDINANCE No. 1,065, 06 NOVEMBER, 2020;



- Rio Novo National Park, in the state of Pará: ORDINANCE No. 1,060, 05 NOVEMBER, 2020; and
- Alto Cariri National Park, in the state of Bahia: ORDINANCE No. 1,018, 20 OCTOBER, 2020.

The changes removed the names of board members, replacing them by general descriptions such as "the territory's regulating sector", "users of the area of influence of the Conservation Unit", "non-governmental organizations and other civil society organizations", "the sector of teaching, research and extension", among others.

As a concrete example, in the case of the Pacotuba National Forest, in the state of Espírito Santo, the Advisory Board consisted mostly of members from research centers (Center for Agricultural Sciences of the Federal University of Espírito Santo, Instituto Capixaba de Pesquisa, Assistência Técnica e Extensão Rural, among others) and civil society organizations (for instance, Projeto Nossa Criança Monte Alegre, Pacotuba Association of Rural Producers), as seen on <u>IBAMA Ordinance 39/2006</u>.

Listed under "regulation", the Advisory Board of Serra das Lontras National Park was created in the state of Bahia, composed of representatives from: (i) Government; (ii) Teaching, research and extension; (iii) collegiate bodies and non-governmental organizations; (iv) users of the land. The number of positions and the list of institutions representing each sector shall be defined by the Board, duly recorded in meeting minutes and approved by ICMBio's (Chico Mendes Institute for Biodiversity Conservation) Regional Manager.

#### The Amazon

Under the theme "The Amazon", Publication 43/2020 was issued with geographic coordinates of deforestation areas identified by satellite imagery and inspected during inspection actions, with formal Embargo, but without identification of the person responsible for the area of deforestation or fire. Four areas are listed, all in the state of Amazonas (municipalities of Lábrea and Apuí). This is the second such publication published in 2020. In Publication 37/2020, from September, most of the mapped areas were also in the municipality of Apuí.

This month the extension of **Operation Green Brazil 2** was confirmed by Federal Decree 10,539/2020, which expanded the presence of the Armed Forces in Operations for Guaranteeing Law and Order (GLO) and in subsidiary actions along the border, in indigenous lands, in federal environmental conservation units and in other federal areas in the Legal Amazon States, until April 30, 2021. The previous deadline was established by Decree no. 10,341/2020, and would expire on 06 November, 2020. This is the third time the GLO is extended ever since it started in May, 2020.

Following the inter-ministerial protocol for GLO, Ordinance 3,693/GM-MD, instituted Ministerial Guideline no. 16/2020, from 11 November, 2020, regulating the continuation of the deployment of the Armed Forces in "Operation Green Brazil 2". It established as a priority for the involved Joint Commands the fight against illegal deforestation, keeping in force all other orders issued. Besides the Ministry of Defense,



Ordinance 631/2020, from the Ministry of Justice authorized the use of the National Public Security Force in actions of inspection, fighting illegal deforestation and other environmental crimes, and fighting forest fires and intentional fires in the area of the Legal Amazon, and in activities and services necessary for the preservation of public order and the safety of people and property, in a planned fashion, between November 13, 2020 and April 30, 2021.

Another important aspect was the publication of the Technical Cooperation Agreement Extract AGU/IBAMA/MPF No. 2/2020, between AGU (General Attorney's Office), Ibama (Brazilian Institute for the Environment and Renewable Natural Resources) and MPF (Federal Prosecution Office), addressing the procedural participation of signatory parties regarding judicial actions related to the Amazon Protects Project. The Agreement will be valid for 30 months from publication and may be extended for an equal period. This is an extension of a previous agreement from 2018. According to the government <u>website</u>, "Amazon Protects is a project conceived by the Federal Prosecution Office aiming at combating illegal deforestation in the Brazilian Amazon Forest, in partnership with Ibama and the General Attorney's Office". More information can be found <u>here</u>.

# Energy

Few norms published in November are listed under "Energy". The single highlight here, identified as "response" by POLÍTICA POR INTEIRO's team is Ordinance 403/2020, from the Ministry of Mines and Energy (MME) creating a Crisis Cabinet for articulating, coordinating, monitoring, guiding and supervising actions and measures adopted for the electric power supply to the city of Macapá and other locations in the state of Amapá connected to the National Interconnected System due to the energy blackout that started on 03 November, 2020 caused by damage on the electrical system. The energy crisis in Amapá lasted for 22 days, according to <u>press</u> reports, causing many social and economic problems in the affected regions.

# Environment

In this topic JOINT ORDINANCE No. 589 deserves attention. It was published on the last day of the month. It is one more instance of flexibilization of norms for legal environmental actions due to the covid-19 pandemic. This Ordinance includes the possibility of holding hearings by videoconferencing or by adherence, regardless of the environmental settlement hearing, as one of the possible legal solutions for settling the case.

# **Indigenous peoples**

November didn't see many relevant norms under the topic "indigenous peoples". Ordinance 637/2020 from the Ministry of Justice deserves attention. It authorized the extension of the use of the FNSP (National Public Security Force) to support Funai (National Indian Foundation) at Vale do Javari Indigenous Land, in the state of Amazonas, planned for 180 days, until 28 May, 2021. FNSP's support to Funai at the



Vale do Javari Indigenous Land started in December 2019 by means of <u>Ordinance</u> <u>882/2019</u>, and had already been extended once before by <u>Ordinance 287/2020</u>. This measure was listed as "flexibilization".

# Ocean

Two important norms published in November were listed as "regulation" by POLÍTICA POR INTEIRO's team.

The first, related to the approval of the X Sectoral Plan for Marine Resources (PSRM), was Decree 10,544/2020, by the Presidency. This plan aims at defining sector guidelines and priorities for the period 2020 to 2023. There was a long delay in the publication of the norm, since it was approved in August (<u>Resolution 1/2020</u>) by the Inter-ministerial Commission for Marine Resources (CIRM), and an even longer delay considering the fact that the previous PSRM expired in 2019. From the point of view of its contents, the removal of the goal for marine conservation units was a significant contrast in comparison with the ninth edition. We elaborate on this analysis <u>here</u>.

Still on the topic of the controversial authorization of sardine fishing at the Fernando de Noronha National Park, ICMBio's (Chico Mendes Institute for Biodiversity Conservation) Ordinance 1,089/2020 was published, giving the Head of the Conservation Unit the power to sign, on behalf of ICMBio, Commitment Terms with sardine fishers from the National Maritime Park of Fernando de Noronha. As already reported by POLÍTICA POR INTEIRO's team on the <u>October/2020 Tracking and Analysis</u>, the term announced by Minister Ricardo Salles is contrary to technical opinions from ICMBio's technicians. Thirty days after the announcement of its signing, the document still hasn't been published on the Federal Official Gazette (DOU).

# Agriculture

The Ministry of Agriculture, Livestock and Food Supply's Strategic Plan for 2020-2031 (PE -MAPA 2021-2031) was approved by **Ordinance No. 375, from 23 November, 2020.** According to the Ministry, the plan is in tune with the 2020-2031 Federal Development Strategy for Brazil, and the federal government's Multi-annual Plan for 2020-2023. Ordinance 375/2020 describes PE-MAPA 2020-2031's mission to "Promote the sustainable development of agricultural and livestock productive chains to the benefit of Brazilian society" and sets forth indexes like the "Agriculture and Livestock Sustainability Index", "Land Regularization Index" and "Index for the Area of rural properties registered with CAR (Rural Environmental Registry) with full environmental regularization analyses".

# Forests

In November no relevant norms were published for the theme "Forests" besides those extending the term of Operation Green Brazil 2 in the Legal Amazon. According to the classification used by POLÍTICA POR INTEIRO's methodology, these fit under "The Amazon" and were described is that section.



# Themes without highlights

No actions were tracked in November for the following themes: Water, The Antarctic, Dams, Cities, Science, Forests, Pollution, Waste, Land, Transportation and Tourism.

# 4 - Analysis

# <u>Steps back</u>

Transparency and publicity: The minutes of the first six meetings of the MMA's (Ministry for the Environment) Working Group for the merger of Ibama and ICMBio were obtained by POLÍTICA POR INTEIRO's team, under the Access to Information Act (LAI). The documents provided, however, contain little information on the topics being discussed, as in the case of the National Council for the Legal Amazon (CNAL) and of the Inter-ministerial Committee on Climate Change (CIM) meetings. Little information and the absence of agendas and public memories of these meetings have shown that the federal *modus operandi* goes against the principle of publicity of the public administration. Besides the lack of publicity of information, when they are requested and obtained (partially) under LAI, there's a confirmation of the continued trend to omit information lack of clarity on the decision making process, especially because the alleged "minutes" made available under LAI are, at most, a general agenda of discussions without outcomes or decisions. The POLÍTICA POR INTEIRO team obtained copies of official documents demonstrating how difficult it is for citizens to have access to information that should have been publicized, Since those involved are in the public service and, except for information confidentiality situations, or in cases sensitive to national security, this information should at least be available on the websites of Ibama, ICMBio and the MMA as the agenda and topics for meetings.

Where is the data? Still on the topic of transparency, on November 19, 2020, IN IBAMA No. 24 was published, establishing new procedures for ombudsman activity and for requests of access to information received by the institution. We analyzed the act's new elements and identified gaps that may be used for reducing transparency. On the same day, the MMA (Ministry for the Environment) celebrated its 28th anniversary with the launch of their new website. On the new MMA's website there is no longer access to the institutions publications, to the systems managed by the MMA (such as the SisGen - National Management System of Genetic Heritage and Associated Traditional Knowledge, and the National Registry of Conservation Units - CNUC) or to information on the composition, minutes and records of meetings of programs, projects and collegiate organs. The information is no longer available. The actions followed by the various agendas were reduced to a few projects by the current administration. In response to civil servants, the IT area of MMA informed that there was no loss of information and that it is part of the migration process. They explained that when the process is finished, the information will once again be made available. However, until 01 December, 2020, no "old" information had been migrated yet.



#### <u>Crises</u>

**Blackout:** After 22 days without electric power in most of the state of Amapá, supply was normalized for 100% of the state's consumers. Since 03 November, most of the state suffered instability in electric power supply, which caused an unprecedented crisis. The National Coordination for Articulation of Black Rural Maroon Communities (CONAQ) and the Land of Rights NGO reported the federal government's inadequate response to this crisis to the Inter-American Commission on Human Rights. The document demanded the normalization of power supply in the state and the provision of humanitarian aid to the affected maroon populations, including the immediate distribution of drinking water and food.

Increased deforestation: Monitoring done by Inpe's (National Institute for Space Research) through its Prodes system detected the highest deforestation rate in the Legal Amazon since 2008: 11,088 km<sup>2</sup> of deforestation between August 2019 and July 2020, according to an announcement made on 30 November without the presence of Ricardo Salles, Minister for the Environment. There was an increase of 9.5% in comparison with the 12 previous months (when 10,129 km<sup>2</sup> were recorded). The deforestation figures, according to Prodes, have been rising since 2018, with a steep increase during the last two measurements (2019 and 2020). The increased destruction of the Amazon indicated by Prodes had already been identified by Deter (Real Time Deforestation Detection System), Inpe's other monitoring system, which indicated a 34.5% increase in the number of warnings in the period of the deforestation calendar (August 2019 to July 2020), in comparison with the same period the previous year<sup>1</sup>. This increase was observed in spite of Operation Green Brazil 2, headed by the Ministry of Defense, and in spite of the Operations for Guaranteeing Law and Order (GLO), decreed in May, 2020. This is an indication that the presence of the Armed Forces is not sufficient to hamper environmental crime, and that expectations are high for the flexibilization of laws and relaxation on punishment coordinated by the President.

European representatives, mindful of the free trade agreement with Mercosur, immediately expressed their reactions to the announcement: "All the promises and pseudo actions by Bolsonaro are just window dressing", tweeted MEP Anna Cavazinni. It's important to remember that in February this year Germany's Ambassador to Brazil commented that to make the free trade agreement feasible between the two blocs, Brazil would have to reduce deforestation to at least the 2017 levels (6,947 km<sup>2</sup>, that is, almost half of that recorded in 2020).

**Non-observance of the goal set by the National Policy on Climate Change law for 2020**: The deforestation rate recorded between 2019 and 2020 (mentioned above) is 2.8 times higher than the goal set by the National Policy on Climate Change for 2020 (3,925 km<sup>2</sup>) according to Law 12,187/2009 and presented by Brazil as a

<sup>&</sup>lt;sup>1</sup><u>O Eco, from 30/11/2020.</u>



national mitigation action at the United Nations Framework Convention on Climate Change.

# **Ongoing**

**Law consolidation and mass revocation:** Brazil's access to the Organization for Economic Co-operation and Development (OCDE)<sup>2</sup> is still underway, and it explains the regulatory "cleaning" agenda, as indicated in previous months' Tracking and Analyses issues. According to our tracking, until November, three of the 23 ministries had not yet presented their lists of norms in force lower in hierarchy than decree, nor deadlines or schedules for their "law consolidation" initiatives. This month, the only "law consolidation" action came from the Chief of Staff of the Presidency, that had already published norms on this topic before. This is one of the institutions where the regulatory "cleaning" agenda has followed the schedule].

In the case of "revocation", as indicated in the Analysis by type and by themes section (Institutional), we observe actions promoting batch revocation. The follow up of this type of measure must be conducted thoroughly because, among dozens or even hundreds of harmless revocations, there might be something with significant impact on the legal framework and affecting public policy.

Specifically regarding the MMA (Ministry for the Environment), (i) the "revocation" of its norms in force lower in hierarchy than decree was published on 09/09/2020, in <u>Ordinance 376/2020</u>; and (ii) the progress of the review and consolidation of norms, including a task schedule, was published on 27 October, 2020, in <u>Ordinance 558/2020</u>. However, the revised and consolidated norms with themes relevant to the Department of Education and Environmental Citizenship of the Biodiversity Secretariat, to the Legal Advisory, to the Ombudsman and to the External Resources Department should have been published by 30 November, 2020, but did not observe the deadline.

**Privatization of parks and other environmental assets:** In November no new parks or assets entered the Investment Partnership Program (PPI). The Public Use Plan for the São Francisco de Paula National Forest was approved in Order 11 from 14 September, only published on 06 November, 2020. According to the Ministry for the Environment, in 2020, 27 calls for tender were published until November, authorizing the provision of tourism services in conservation units and the "recovery of the sector contributes, mainly, to environmental protection, involving regional communities in the conservation of parks". ICMBio (Chico Mendes Institute for Biodiversity Conservation) claims that progress has been made due to the reduction in the time between the preparation and the publication of the calls for tender, a period that, on average, lasted over one year. It currently takes ICMBio less than two months to complete this process. Time will tell how fast this process will be after the merger with Ibama.

 $<sup>^2</sup>$  Countries that adhere to OECD Codes commit to eliminating, in a progressive and unilateral fashion, restrictions and barriers to an environment that is open, stable and attractive to investments and 4 th generation trade agreements, which focus more on standards than on tariffs and quotes.



**Deforestation control operations under GLO**: the presence of the Armed Forces in the Amazon, based on GLOs (Operations for Guaranteeing Law and Order) started on 11 May and were extended until April, 2021. Until the present moment the government has not presented an assessment of the first six months of GLOs. It would be important to try to understand their effect in relation to PRODES (Program for Satellite Monitoring of the Brazilian Amazon Forest) and DETER (Real Time Deforestation Detection System) rates mentioned above. There has also been no indication as to what shall be done in the region between November, 2020 and April, 2021. A transparent assessment and strategic planning against deforestation are indispensable for efficient public spending and effective policies. The mere continuation of GLOs has, so far, had the opposite effect to the one desired<sup>3</sup>.

# <u>Rehearsal</u>

Plan for the Amazon - as we anticipated in September and in October, a "2020-2030 Strategic Plan " is currently being developed at the Council for the Amazon. Nothing has been officially published. However, on 04 November, vice-president Hamilton Mourão sent the planning for CNAL (National Council for the Legal Amazon) to the Ministry of Finance. The 62-page-long document is strongly permeated by the military rationale of national security. Nevertheless, it also includes goals, the continuity of GLOs, priority for a new land legal framework, reform of environmental, land and indigenous institutions, as well as changes in the governance of the monitoring and inspection of forest cover in the region. These themes had already been addressed in our previous Tracking and Analyses issues, based on what had been sent to the Ministry of Finance. The document strongly prioritizes actions of interest to the Ministry of Defense, such as monitoring of national borders (with little relation to deforestation). There were two important controversial issues related to the Plan this month: (a) the disclosure that the government included a measure for controlling NGOs acting in the region; and (b) President Bolsonaro's opposition to the idea proposed in the Plan to expropriate areas where illegal deforestation and fires occur. As stated in the previous item, while there is no plan by the Brazilian society with legitimate "efficient remedies", deforestation rates tend to increase and reach denser forest areas, deep in the state of Amazonas.

**Illegal timber**: Illegal logging for export was under the spotlight this month after the President promised to publicize a list of countries buying illegal timber from the Brazilian Amazon during a virtual BRICS meeting. The promise was not fulfilled. Later, he said he had a list of companies and not of countries. Said list was not publicized either. The president of Ibama (Brazilian Institute for the Environment and Renewable Natural Resources) issued two internal orders between 2019 and 2020 that were soft on illegal loggers: on 14 November, 2019, Eduardo Bim forbade that buyers of illegal timber are fined in case it is found that DOFs (Documents of Forest Origin)

<sup>3</sup> From AFP's headline and news piece.



are fraudulent without the buyer's knowledge. DOFs are the necessary documents for transportation of legal timber. The order's scope was broadened at Ibama so as to prevent the seizure of the timber. This resulted in an increased re-circulation of illegal timber, less caution on the buyers' side, and less inspection power. In February another order from Bim eliminated the need for timber export authorization, requiring only the DOF. In June, a group of organizations legally questioned an action by Bim authorizing the shipping of timber from Brazil claiming that inspection regarding the origin could be conducted afterwards.

Mining and panning in indigenous lands: The National Mining Agency (ANM) maintains 3 thousand active requests for mining in Indigenous Lands (TI) in the Amazon, according to InfoAmazonia data. Moreover, the ANM approved at least 58 requirements for ore exploration or mining in these areas. Any mining activity, even for research purposes, is forbidden in these areas, but this does not prevent tens of new requirements to be filed each year at the agency that should be barring them immediately, but fails to do so. An exclusive assessment conducted by Mongabay lists 145 requirements filed at ANM until 03 November, the highest volume in 24 years. This record-breaking number of requirements was not filed by chance: in February a Bill of Law presented by Bolsonaro aimed at legalizing the activity; in September, the government declared the goal of "promoting the regulation of mining in Indigenous Lands" in the Mining and Development Program. Besides harmful environmental effects, there are impacts on indigenous health: studies published in November indicate that illegal mining has contributed to a malaria outbreak in indigenous lands in the states of Pará and Roraima. Research from Fiocruz has indicated 100% mercury contamination of Munduruku indigenous people.

**Reform of environmental institutions:** the merger of Ibama and ICMBio is advancing. The working group responsible for the merger has met seven times since its creation in <u>Ordinance 524 from 02 October</u>. <u>POLÍTICA POR INTEIRO obtained</u>, through a request of access to information, "minutes" for these meetings, as mentioned above regarding transparency. However, there is little detail on what has exactly been discussed.

# **Reactions**

**Demand for deforestation reduction goals:** o CNAL (National Council for the Legal Amazon) presented (off the record) figures for a gradual reduction of the current deforestation in around 50%, reaching the rate of 4,100 km<sup>2</sup> until 2023. Since the PNMC's (National Policy on Climate Change) legal goal establishes an 80% reduction of deforestation in the Amazon in 2020 (3,900 km<sup>2</sup>) and it was not observed (*as indicated above*), there is many public concern on the consequences. What's new in November is the judicialization of this issue by the organized civil society. The NGOs that are filing the case with the Federal Supreme Court argue that the standstill of PPCDAm (Action Plan for Prevention and Control of Deforestation in the Legal Amazon) has violated the Brazilian Constitution. They also argue that deforestation



violates Brazil's international commitments. Environmentalist organizations claim for a 60% reduction in deforestation until 2021, in line with the National Policy on Climate Change. If this goal is not met, activists say that deforestation should completely stop for a year. If successful, the lawsuit sets a precedent for other judicial demands about environmental violations.

Judicial reactions: as indicated in the previous issue of POLÍTICA POR INTEIRO, one approach for establishing the government's accountability for the regulatory setback or for not meeting the emissions reduction goal is via climate contention actions. Four actions have been filed at the STF (Federal Supreme Court). The last of these is related to the resumption of the Action Plan for Prevention and Control of Deforestation in the Legal Amazon (PPCDAm) (described in the previous item). Seven opposition parties and 10 civil society organizations and networks got together to file a suit at the STF demanding the effective resumption of PPCDAm by the federal government. This request is considered to be one of the most complete and most important socio-environmental actions ever filed at the STF, since it includes extensive data and analyses on the destruction of conservation policies and the fight to illegal deforestation since the beginning of President Jair Bolsonaro's term. The action demands that the government resumes the PPCDAm and strengthens environmental agencies, besides dedicating additional efforts to fighting environmental crimes in Conservation Units and Indigenous Land. Proponents of the action have also requested the creation of an internet portal with information on actions and results, and the creation of an emergency committee for decision making, monitoring and transparency regarding the policy for fighting deforestation, with the participation of civil society under the coordination of the STF.

**Reactions of the Legislative to normative setbacks**: Six legislative proposals were presented, five of which are Bills of Law (PL), and one is a Request (RQS). Two Bills of Law (PL 5085/2020 and PL 5086/2020) from the initiative of Representative Nilto Tatto at the Chamber of Deputies are responses to the revocation of Conama (National Council for the Environment) Resolutions (Resolution 284/2001, Resolution 302/2002 and Resolution 303/2002) from the collegiate body's 135<sup>th</sup> Ordinary Meeting. One of them proposes to include in Law no. 12,787/2013 (National Irrigation Policy) an article aiming at the protection of the licensing of irrigation enterprises, another one to include in the Forest Code (Law 12,651/2012) the protection of sandbanks, dunes and permanent protection areas in the surroundings of artificial reservoirs. Other proposals were presented in the previous months aiming at stopping the revocation of such resolutions by means of Legislative Decree Bills (PDLs). The issue has also been taken to the judiciary branch (*read more on the next item*).

Two other proposals were made in response to the fires in Pantanal and in the Amazon. Bill of Law (PL) 5244/2020 aims at authorizing the creation of a special credit line, with funds from the Constitutional Centro-Oeste Fund (FCO), for small family farmers, rural family enterprises, small and medium rural end riverside producers



affected by the fires in Pantanal. The Request (RQS 2771/2020) requests the holding of a Thematic Debates Session for discussing questionable information regarding the increase in fires and deforestation in the Amazon.

Two Bills of Law were also proposed aiming at regulating credit lines for the acquisition of Photovoltaic and Wind-power equipment, with low interests, for destitute families, as well as the creation the Free Zone of the Biodiversity of the Legal Amazon in the Municipality of Sinop (MT), to foster investments, through tax incentives, of products in whose final composition there is a preponderance of regional raw materials, from the animal, vegetable, mineral or agrosilvopastoral segments.

#### **Reversals**

**Justice intervenes in environmental deregulation at Conama:** The judicial battle around recent CONAMA (National Council for the Environment) decisions came to an end last month. By unanimous decision, Justices from the Federal Supreme Court (STF) <u>voted for the suspension of the validity of resolution 500/2020 from the National Council for the Environment (CONAMA)</u>, that revoked three resolutions by the agency addressing irrigation enterprises, the minimum distance range around Permanent Preservation Areas (APPs) and the protection of mangroves and sandbanks. The Plenary confirmed the preliminary injunction granted by Justice Rosa Weber in October.

#### **Interventions**

**Justice intervenes at Renovabio:** According to RenovaBio's rules, the National Agency for Petroleum, Natural Gas and Biofuels (ANP) is responsible for the targets. The demand for fuels dropped due to the pandemic, and ANP had already cut targets in half. Distribution companies must meet these yearly targets by purchasing Decarbonization Credits (CBios) from biofuels producers, and the volume of transactions so far has not reached half the targets. Producers claim distributors are not purchasing, bur rather waiting for CBio prices to fall. Distributors claim producers are holding back on sales to wait for prices to rise. Now the Justice has intervened granting a 25% reduction in RenovaBio targets to an association of fuel distributors who claimed that current program targets could raise the price of fuels in up to BRL \$ 0,04. The judge accepted the argument that there was a risk of "generating heavy fines and even of suspension of activities of companies".

# <u>On hold</u>

**Bioeconomy**: in spite of all the public commotion in favor of the development of bioeconomy, there were no actions this month nor in the previous months signaling the formalization and progress in the agenda. The Special Secretariat for Productivity, Employment and Competitiveness from the Ministry of Finance often promised to review regulatory barriers that hinder investments. The Ministry for the Environment (MMA) refers to bioeconomy as an agenda that is a solution for deforestation, and the minister wrote an article published at the end of October in *Folha de S.Paulo* newspaper in which he affirmed that the government has created a US\$ 100 million



fund, intended to support small biodiversity entrepreneurs<sup>4</sup>. There has been no action supporting this claim throughout the month of November.

**Geospatial Intelligence**: the government intended to establish, until October, by means of a presidential order, the Integrated Group for the Protection of the Amazon (Gipam), under the umbrella of the Operational and Administrative Center of the Amazon Protection System (Censipam), as mentioned in the previous issue. However, this has not been confirmed yet.

**The Amazon Fund**: Vice-president Hamilton Mourão is the Brazilian negotiator for the matter. Months ago, Mourão promised to re-publish the decree instituting the Amazon Fund Steering Committee (Cofa). There was no official movement in the period and the Fund has been paralyzed for two years, with almost BRL\$ 3 billion frozen.

**Adopt a Park:** No legal action has yet made the "Adopt a Park" program official. It was widely advertised by the government, and it seems to be a beacon of the next concessions. In a signed article<sup>5</sup>, the minister for the Environment referred to the program as an opportunity "that allows Brazilian or foreign private individuals to adopt, for a year, one of the 132 federal conservation units in the Amazon – that is, 15% of the biome".

**Convention on Biodiversity:** Nagoya Protocol follows another month without ratification by Brazil for yet another month; id depends exclusively on presidential sanction.

**Inter-ministerial Committee on Climate Change (CIM):** the main governmental collegiate body on climate change met for the first time almost two years into the Bolsonaro administration on 21 October. The meeting's minutes of the meeting have not yet been released. There is concern regarding the evolution of Brazil's position in international negotiations.

# <u>Planning</u>

**Forest Code:** The Ministry of Economy announced that it will forward a Green Rural Product Note (CPR) proposal for approval by the National Monetary Council (CMN) in December. The note, widely used for anticipating resources in the harvest, will earn a sustainable stamp to monetize those who keep surplus forests standing on the farms.

<sup>&</sup>lt;sup>4</sup> Article published in Folha de S.Paulo newspaper on 24 October, 2020. Emphasis is given to the excerpt "For such, we have created a US\$ 100 million fund intended to support small biodiversity entrepreneurs".

<sup>&</sup>lt;sup>5</sup> Article published in Folha de S.Paulo newspaper on 24 October, 2020. Emphasis is given to the excerpt "(...)Adopt 1 Park, that allows Brazilian or foreign private individuals and companies to adopt, for a year, one of the 132 federal conservation units in the Amazon – that is, 15% of the biome.".



The objective is to allow rural producers that have an excess of Legal Reserve on properties to issue the title to raise funds to finance new activities.

**Ministry of Finance's Agenda 2021:** The Economic Policy Secretariat (SPE) of the Ministry of Finance announced an <u>Informative note called "Considerations on economic policy: objectives and challenges for 2021 (05 November, 2020)"</u>. In this document, the agency headed by Adolfo Sachsida analyses the situation, directly affected by the covid-19 pandemic, and hints at the next steps for the economic policy. Among them, is the adoption, "in the short term", of measures to strengthen credit. The material tries to convey favorable expectations for the performance of the economy in the last quarter of 2020 and for 2021. It stresses that the "credit channel will be vital for the promotion of the economic recovery in 2021. Our emphasis here is on improving the efficiency of guarantees to generate a sustainable and efficient increase in credit for companies and families."

The list of SPE/ME initiatives for 2021 contemplates the creation of the Green CPR (Rural Product Note) and of the Rural Real Estate Fund. The idea is to use these mechanisms to make the market for rural real estate more dynamic, promoting investments and the regularization of properties. Besides these measures, the government signaled the structuring of a market in the Stock Exchange (B3) for negotiating environmental reserve quotas, which are surplus preservation areas that may be sold to those who have a conservation rate below the requirements. In this document, the SPE also defends fiscal adjustment, administrative reform and changes in regulatory frameworks (such as the gas law) to increase the productivity of Brazilian economy.

**Rural credit:** While SPE/ME analyzes the creation of the Green CPR (Rural Product Note), to be evaluated by the CMN (National Monetary Council) perhaps still in December, the Ministry of Agriculture is considering the creation of a broad Agribusiness Credit Note (CCA), that may be issued and purchased by any member of the chain. It would be a single credit title, with circulation in all financial and capitals markets, with a flexible model for contractual terms, guarantees, liquidation, exchange rate and indexation adjustments. The CCA would also be more easily framed as a "green" title – which would enable, differently from the CPR, the title to be used for financing the sustainable management of any native forest and the recovery of biomes and pastures. The creation of the title shall be done by a Bill of Law or a Provisional Measure. The text should soon be sent to the National Congress.

# On the radar (deforestation)

**Increased punishment for deforestation crimes**: During the Live broadcast when president Jair Bolsonaro talked about illegal logging, he asked the Amazonas state Federal Police Superintendent, chief Saraiva, if punishment for illegal loggers are sufficient: he heard a resounding no. This may be related to the ongoing discussions at the Congress for increasing punishment for environmental crime offenders (see <u>Tracking and Analysis – October 2020</u>) – the problem, however, is that it is not enough



to increase the punishment if fines are not issued or collected, and if conciliation hearings do not take place, as it is the case at the moment.

**Traceability agenda in Brazil and in Europe**: In November, seven french supermarket networks announced that they are incorporating non deforestation clauses related to soybeans in contracts with suppliers. The commitment encompasses both illegal deforestation and deforestation authorized by the Brazilian Forest Code. The rule forbids the import of soybeans from Cerrado areas deforested after January 1<sup>st</sup>, 2020<sup>6</sup>. During a weekly live broadcast, Bolsonaro recognized that the United Kingdom's law enforcing due diligence processes relative to deforestation may spread as the standard to other countries and jurisdictions, possibly impacting Brazil. While criticizing the import of illegal timber by other countries, Jair Bolsonaro presented a perfect argument for the German Ministry for the Environment to defend stricter rules for the import of products associated with illegal agricultural activities. In October, the European Parliament had already asked the European Union to introduce new laws to prevent the import of commodities and products connected to deforestation and human rights abuse.

**EU's trade pressure on Brazil for the end of deforestation:** as emphasized in previous months, the approval of the agreement is unlikely in the short term, but is is still in the agenda for the blocs. What's new in November is the publication of an unprecedented high level study showing that the risk of deforestation will rise if the European Union and Mercosur ratify the free trade agreement. EU politicians face greater pressure from voters to fight climate change and have emphasized that voluntary efforts such as certification schemes were insufficient to contain the loss of forests.

# On the radar (energy)

**Renewables:** Many announcements were made this month regarding clean energy investments in Brazil. The Italian energy company Enel presented a global investment plan with the goal to transform the company into a "green supergiant" and announced it will invest 5 billion Euros in Brazil in the next three years. Canadian Solar announced it will establish partnerships to expand its solar power generation capacity in a cluster of 170 megawatts-peak (MWp) in Minas Gerais. Moreover, the company won at two private auctions conducted by Furnas: according to the agreement, Furnas will purchase solar power from two Canadian Solar projects for 15 anos, in Ceará and in Piauí, with a total capacity of 692 MWp. In the Amazon, Energisa group will replace the use of diesel electric generators with solar photovoltaic panels in riverside communities in the Vila Restauração extractive reserve, in Acre. Large European oil companies – Total, BP, Equinor, Shell – also announced plans for redirecting their businesses in Brazil towards renewable sources.

<sup>&</sup>lt;sup>6</sup><u>Valor Econômico newspaper article, 18 November, 2020.</u>



**Oil**: Petrobras' new strategic plan cut down on investments and the oil production forecast for 2021 and 2024 due to low international oil prices and the slow recovery perspective for the global demand post-pandemic. In October, Petrobras had already postponed projects like the Parque das Baleias, located on the coast of Espírito Santo, and on the Campos Basin, but had left the blocks located in the Camamu-Almada sedimentary basin (near the Abrolhos banks) on permanent offer. There has been no demand for Abrolhos until now.

**Electric vehicles on the rise:** This month, the United Kingdom set the progressive elimination of sales of new gasoline and diesel cars and vans to 2030 (it was originally 2040); all new vehicles in these categories will have zero exhaust emissions from 2035. A "grace period" of five years will be granted to hybrids. This guideline resulted from public consultations conducted with the industry and society in general. Seen in a positive light, this indicates a very necessary update and a shift towards future sales of 100% zero emissions vehicles (ZEV). The United Kingdom has, thus, become the first G7 economy to set a deadline for the transition towards zero emissions for individual transportation. Many governments have developed schedules for the gradual elimination of gasoline and diesel vehicles. Norway will do so until 2025; Sweden, Denmark and Holland until 2030; Canada and France until 2040.

The Brazilian Association of Electric Vehicles (Abravei) informs that the country's total fleet is 1,802 until July this year, with 1,637 cars, 63 buses and 102 trucks, vans and others. In Latin America, Brazil is behind Costa Rica and Colombia in numbers of electric vehicles<sup>7</sup>.

**Zeta**: the first coalition supported by the auto industry that advocates full electric transport was created in November – the Zero Emission Transportation Association (ZETA). ZETA's mission is to achieve100% sales of new cars to electric vehicles (EVs) by 2030.

**Goodbye to Trump:** As a signal to the future Biden administration, automaker General Motors (GM) announced it is withdrawing from Trump's White House litigation against restrictions imposed by California on pollutant emissions for automotive vehicles. Until now, the company supported Trump's attempt to bar the new rules. Biden's victory reversed the scenario and forced the automaker to review its standing.

**ZEV Transition Board:** in the wake of Zeta and the programmed transition from combustion vehicles to electric vehicles, COP26's "Zero-Emission Transition Council" was established in November, with the participation of governments form the main automobile making countries in the world: Canada, Denmark, France, India, Italy, Japan, Mexico, Holland, Norway, Spain, South Korea, Sweden and the United

<sup>7 &</sup>lt;u>Data.</u>



Kingdom, besides the European Commission and representatives from the US State of California.

# <u>On the radar (international agenda)</u>

**New NDCs**: countries shall publish new commitments for meeting the Paris Agreement goals – the "Nationally Determined Contributions", until March, 2021. That is, eight months before COP26.

**Race towards Zero Emissions**: The number of commitments for reaching zero net emissions from governments and local companies practically doubled in less than one year, since many prioritize climate actions in their recovery from covid-19. Cities and regions with a higher carbon footprint than the USA emissions and companies with a combined revenue of over US \$ 11,4 trillion (equivalent to more than half of the US GDP) are now looking for net zero emissions by the end of the century. The announcements are part of a global campaign involving non-state players aiming at promoting commitments consistent with the Paris Agreement. In the form of a coalition of coalitions representing, so far, 449 cities, 21 regions, 992 companies, 38 of the major investors, 505 universities and 120 countries, the "Race to Zero"<sup>8</sup> alliance intends to accelerate a race in the "real economy" to achieve zero net carbon emissions by 2050 at the latest. Collectively, these players account for almost 25% of global CO2 emissions and for more than 50% of the GDP.

**Transition at the White House**: The return of John Kerry to the North American government, now as President-elect Joe Biden's special envoy for climate change is a strong signal about the USA's external policies objectives for climate negotiations from 2021, indicating a return to the Paris Agreement and racing to catch up on the time and ground lost during the Trump years.

**Biodiversity:** In November, the Ministry of Foreign Affairs (MRE) acted to block the work of 196 countries involved in the negotiations of the UN's Convention on Biological Diversity (CDB). It paralyzed the works, opposing the approval of the 2021 budget for the Convention's secretariat. The budget was finally approved, but virtual negotiations meetings, however, remained suspended. The CDB intends to adopt a new general framework for biodiversity. The task should be concluded in 2020, but was delayed due to the pandemic. Brazil, an extremely diverse country, would be one of the main interested parties in benefiting from this structure. Diplomats aim as clarifying the episode – but it's not possible to dissociate it from the negationist and isolationist declarations made by the main authorities.

<sup>&</sup>lt;sup>8</sup> https://unfccc.int/news/commitments-to-net-zero-double-in-less-than-a-year



# 5 - Trends

The environmental topic has received growing attention from markets and economic planners, and Brazil already suffers reputation losses because of the lack of protection for its biomes. The most evident is the <u>loss of investments</u>.

In December, Brazil will face more criticism for not meeting its climate goals and for the steep increase in deforestation in the Amazon in 2019 and 2020. Brazil's diplomacy is being seen with a little suspicion, irrespective of the matter being addressed. There is fear that the blocking tactics adopted by Brazil at the Convention on Biological Diversity will be repeated at other conventions where Brazil takes part, especially at the UNFCCC.

In the federal government, the Ministry of Economy and the Central Bank try to convey a positive agenda, signaling to markets that there is hope of containing the damage and managing the risks of deforestation. Even if not directly accountable for the control of deforestation, economic policy agencies have the primacy of defining economic instruments and rules for public credit via the National Monetary Council. Their initiative is positive, however, regarding the promotion of a concrete sustainability agenda for 2021. These agencies, specifically speaking, have at their disposal the rural credit as leverage for the economic recovery, as long as it is used efficiently and in line with environmental guidelines. They have been open to listening to economic agents on environmental and climate aspects – which reinforces their role and also provides some level of trust.

On the other hand, agencies directly responsible for the socio-environmental policy, like the MMA, Ibama, ICMBio, Incra, Serviço Florestal Brasileiro (SFB) and Funai still do not have a clear agenda for the organization of their tasks. Signals about their functioning are mixed within the government itself, with a working group analyzing the likely merger of ICMBio and Ibama, while the Forest Code implementation agendas do not have a clear public schedule.

The 2019-2020 deforestation rate speaks for itself, with a tendency to rise according to Inpe's (National Institute for Space Research) announcement based on data from the PRODES system, on 30 November: 9.5% higher than in the 12 previous months, and about 2.7 times higher than the goal established by law for this year.

There is a tendency for the government to hold internal discussions, via CNAL (National Council for the Legal Amazon), regarding the Plan for the Amazon. According to interlocutors, the current version of the plan still does not please the government enough. But pressure from the domestic private sector, of international partners and, especially, of the organized civil society, will be based on transparent processes and based scientific evidence.



On the climate agenda, the United Kingdom, as host of the next COP, will host an event on 12 December to celebrate 5 years of the Paris Agreement. The invitation to participate in the event is subject to the announcement of an increase in climate ambition. Until the end of November, Brazil had not yet presented a proposal for reviewing its NDC, nor new ambitious actions in climate funding, adaptation or longterm strategy.

In Latin America, Colombia was in the spotlight with the announcement, at the end of November, of the reduction of more than 50% in its emissions by 2030, in reference to the base year of 2010. In the Pacific region, Jacinta Ardern, the Prime-minister of New Zealand, shall declare climate emergency, in a symbolic measure to reinforce the country's commitment to climate action.

It is possible that Brazil completely ignores the opportunity to position itself among the climate leaders in December of this year, or it may confirm its NDC for 2025, and indicative targets for 2030. Other countries and also blocs, namely the European Union, are looking at the signal Brazil gives. On the other hand, the country wants to convey a message to Biden regarding its commitment to the agenda.

As we mentioned last month, it was likely that president Bolsonaro would adopt (at least initially) a conflictive stance with US president-elect, maintaining his political calculation of an eventual loss of support from his base that benefits from the flexibilization of environmental policy (such as miners, squatters and illegal loggers). Bolsonaro mentioned using "powder" and not "saliva" for interacting with the new members of the White House. At the same time, Chancellor Ernesto Araújo and the minister for the Environment might have suggested that Bolsonaro should approach US democrats in order to negotiate financial support for an Amazon preservation plan – Biden's campaign promise.

About the future of the European Union – Mercosur agreement, the outlook is pessimistic. There is no deadline for the ratification, but discussions should advance in 2021, with a possible delay into 2022.

In the meanwhile, privates should continue addressing deforestation risks in their chains by their own initiatives. The trend is for increased pressure, from the markets' appeal for deforestation risk management, and for compensation, to some extent, to the insufficient action from the Brazilian government.

Once municipal elections are over, the National Congress should resume its agenda. The Administrative Reform and the Fiscal Reform, although with little chances of analysis, are nonetheless under the spotlight. These could have an enormous impact on the socio-environmental agenda, for determining both the possible mandate of the president for dismantling agencies by Decree (in the case of Administrative Reform) as well as the restructuring of green incentives/disincentives (in the case of Fiscal



Reform). At the Senate, important matters such as the new gas law and the "Pantanal Statute" are dormant. At the Chamber of Deputies, <u>Green Agenda</u> projects. The Joint Budget Committee shall be created to work on budget pieces (LDO – Budget Guidelines Law, and LOA – Annual Budget Law) for 2021.

Regarding the priority agenda for the Executive Branch at the Congress, the passing of Bill of Law (PL) 2633/2020 or of some new Provisional Measure on land regularization is still on the radar for the coming month and for 2021. Announcements may be made in this regard in December on the Council for the Amazon's plan for decreeing a Land Moratorium (by the Ministry of Agriculture, Livestock and Food Supply - MAPA, until December, 2020), on a pilot project of land regularization granting land titles (by MAPA, until December, 2020) and on the expansion of the Rural Environmental Registry (CAR) (by the Ministry for the Environment – MMA, until December, 2021).

Bolsonaro's administration hopes for the legalization and regulation of mining activities in Indigenous Lands. The definition of the Presidency of the Chamber of Deputies and of the Senate for the 2021-2022 period is critical for the progress of topics dear to the Government.

At the Judiciary, given the success of the reversal of the deregulation of actions by Conama, and also considering there's a specific action filed for allowing the export of timber in logs, it is possible to foresee more active participation of the Federal Supreme Court (STF) on environmental and climate issues.



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