



Tracking and Analysis October/2020

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1 - Introduction

This is the Tracking and Analysis of the federal government's signals relevant to climate and environmental policies detected in OCTOBER by our [Government Actions Tracker](#). We analyze *Federal Official Gazette* publications daily and classify relevant content using an actions typology we have developed which allows us to understand trends in the government's agenda. This current edition brings an outlook on the number of relevant actions, their types and a sector by sector analysis for October, followed by an assessment of the current political state in Brazil, and a discussion of the main trends for the coming month.

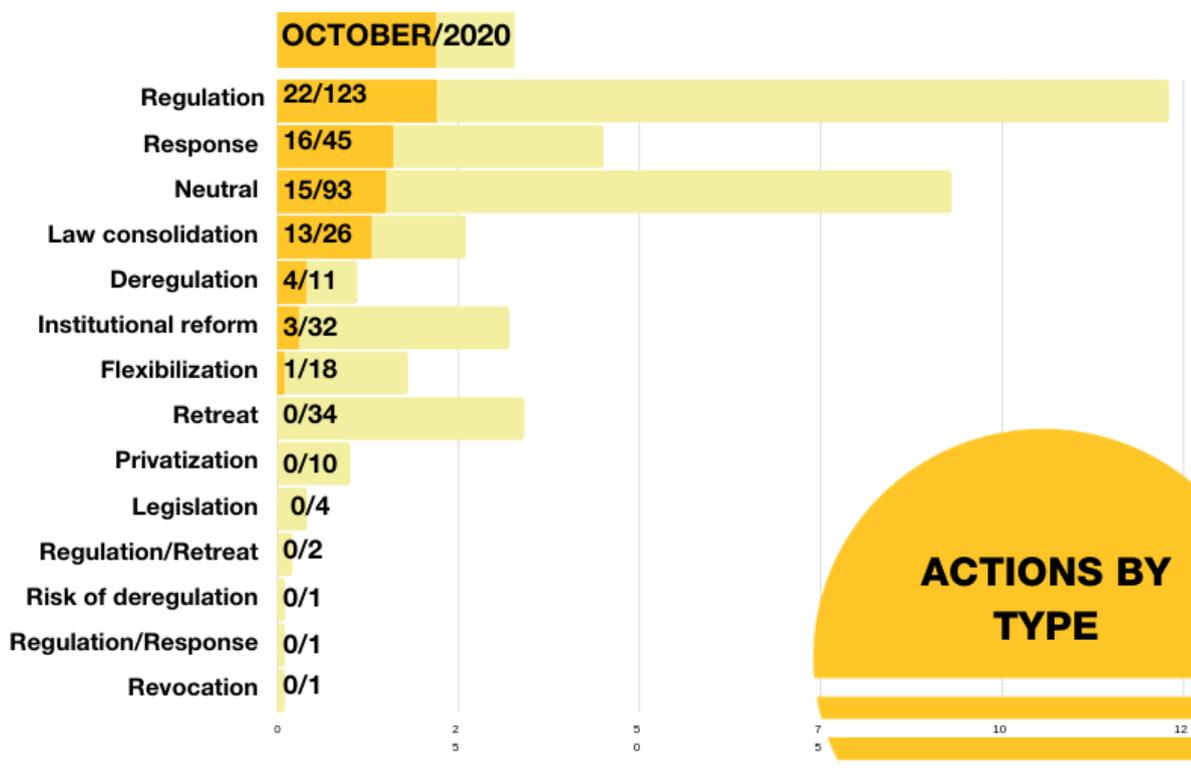
2 - Number of actions

In October we reached the total of **500 actions** tracked by the Government Actions Tracker for the **current administration**, adding up to **401 actions tracked this year, 74 of which during the last month**. These are measures from the Executive branch relevant to environmental and climate change policies published in the Federal Official Gazette. Since September we have also been monitoring more systematically actions originated at the Congress, adding up to 31 proposals in the last two months, 20 of which in October. The higher number listed in October is due to the increased relevance of the environmental agenda, and also to POLÍTICA POR INTEIRO's current approach, implementing a more in-depth tracking of legislative signals.

2.1 – Classification

Regarding classification, 21 actions fit under what our methodology¹ considers as “regulation”. For the first time this is the most frequent classification for three consecutive months: August, September and October. The current point in the cycle of an administration’s term could explain this trend. When we began the tracking and classification of government actions in January 2019, Jair Bolsonaro’s administration was being inaugurated. During the initial months, there was a higher volume of institutional reform and deregulation. After identifying actions for taking down the structures consolidated by former public policies, the Government Actions Monitor now points towards a moment of regulations under new guidelines. The confirmation of such hypotheses needs more in-depth analysis and verification with adjustments made to the classification methodology which, due to its unprecedented character, is tested on a daily basis.

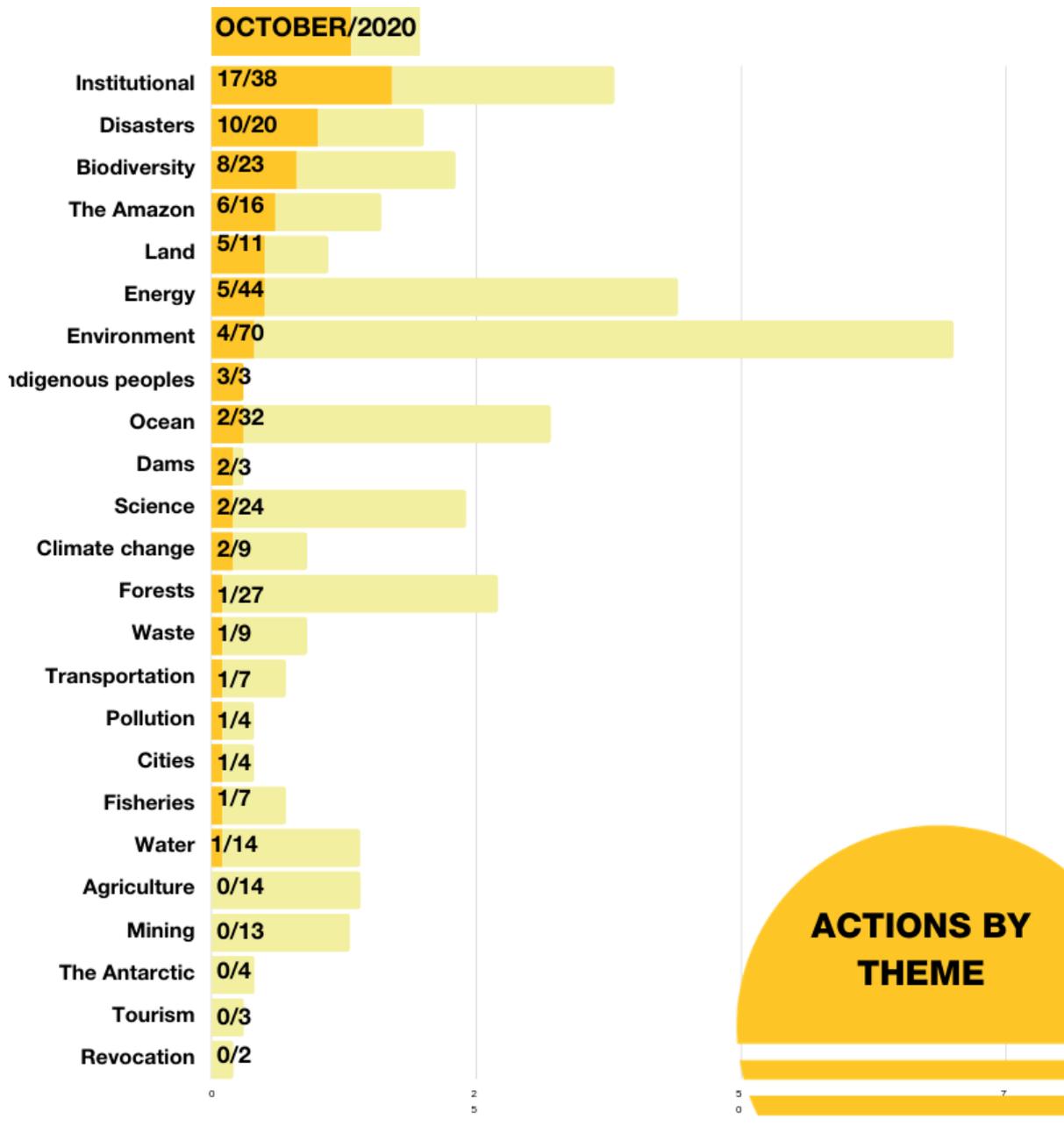
Another highlight for the month of October, also regarding classification, is the total of 13 “law consolidation” actions, corresponding to half of all actions under this listing observed this year. This is owed to compliance with a decree determining the publicizing of norms in force lower in hierarchy than decree or revocation by expiry for all federal agencies.



¹ For further information regarding this work’s methodology, refer to our [website](#).

2.2 – Themes

The themes with the highest numbers of actions in October were: Institutional (17), Biodiversity (11), Disasters (11) and The Amazon (6). All actions, their classification and implications may be checked on [our website](#) and also on [this tool](#) that will soon be integrated to politicaporinteiro.org.



3 - Analyses by type and by theme

Institutional

The fact that the Institutional theme occupies the top of this month's ranking is related to the large number of actions listed under "law consolidation". This type of action is normally listed here. From the 17 actions in this category, 11 were "law consolidation" actions, and among them, the [ordinance](#) on the revision and consolidation of normative acts from the Ministry for the Environment.

The most relevant action here was listed as "Institutional Reform": [Ordinance n°524](#), by the Ministry for the Environment, creating a Working Group for studying the merger of Ibama (Brazilian Institute for the Environment and Renewable Natural Resources) and ICMBio (Chico Mendes Institute for Biodiversity Conservation). The initial schedule of activities for the group consists of 120 days, extendable by an equal period. These important institutional change signals are discussed in detail under [section 4 - Analyses](#).

The single regulation action identified here was an [ordinance](#) establishing the regulations for the new National REDD+ Committee (CONAREDD+). The participation of civil society organizations was limited to one representative, namely the executive secretary of the Brazilian Forum on Climate Change – who is currently a civil servant of the State of São Paulo and not a representative from the civil society. The former composition of the CONAREDD+ included two representatives from the organized civil society.

Disasters

The 10 actions in this section were listed as Response. In all, 8 actions recognizing emergency situations, encompassing 28 municipalities, because of drought, storms/with strong winds or hail, erosion, ground instability or forest fire. One peculiar case was the renewal of the state of public calamity at some locations in Maceió/AL due to subsidence and collapse. The original declaration took place in 2019, due to ground instability in some neighborhoods caused by rock salt extraction. Last year, in November, [Braskem announced they would permanently close extraction wells](#) in the municipality. The activity was identified as the main cause for cracks on the ground and in buildings at three locations.

There was 1 action on the use of the National Public Security Force (FNSP). On October 5, an [ordinance from the Ministry of Justice](#) authorized the use of the FNSP in the State of Mato Grosso do Sul to support the State "in fighting forest and intentional fires in the Southern Mato Grosso Pantanal, in civil defense activities protecting the environment and in services necessary for the preservation of public order and the

safety of people and property”. The authorization establishes a period of 30 days. On September 23, a similar ordinance authorized the use of the National Force in the State of Mato Grosso.

There was also one action [authorizing a transfer of funds](#): R\$ 4,614,376,99 to the State of Piauí, for the execution of prevention actions in areas under the risk of disaster.

Biodiversity

Eight actions were listed under Biodiversity: 5 neutral norms, 2 regulations and 1 deregulation.

The deregulation was [resolution nº500 by CONAMA](#) (National Council for the Environment) ratifying revocations of CONAMA Resolutions 284/2001, 302/2002 and 303/2002, passed on the 135th Plenary of the Council from September 28. This resolution is, however, ineffective (*read more on this topic under [Section 4 - Analyses](#)*).

Both regulations relate to the privatization process of Aparados da Serra and Serra Geral National Parks. An [ordinance created the Special Tender Committee](#), and a [resolution approved the privatization's operational modality](#). Despite the resolution mentioning the term “privatization”, which is not the common wording for this kind of norm, the analysis of documents that guide the tender process indicate that this is a concession following the same model as previous discussions and designs at ICMBio, an initiative from former administrations. [Here we analyse the call for tender](#).

The Amazon

Six actions were listed under this theme: 3 “regulation” actions, 1 “response” action, 1 “institutional reform”, and 1 “law consolidation” action.

Spotlight on [decree 10,524](#), listed as “institutional reform”, which re-created one more collegiate body that had been paralyzed since 2019, with less participation from society. The presidential order established the objective of the Xingu Sub-regional Sustainable Development Plan, encompassing 10 municipalities in the State of Pará, and created its Steering Committee. It’s important to mention the composition of the Steering Committee: (i) 5 Ministries (Regional Development, Justice and Public Security, Infrastructure, Citizenship, Mines and Energy); (ii) 1 government agency (Amazon Development Superintendency); (iii) 1 State Government (Pará); (iv) 1 association (Association of Municipalities of the Belo Monte Consortium); (v) 1 company (Norte Energia S.A.); (vi) 4 representatives of the organized civil society. The committee of the former Regional Sustainable Development Plan, created in 2010, consisted of “equal participation of 15 representatives from governmental agencies and 15 representatives from civil society organizations”. Our team prepared a note further investigating this theme, which can be found [here](#).

It is also worth mentioning, under the Amazon theme, the extension of use of the FNSP (National Public Security Force) supporting ICMBio (Chico Mendes Institute for Biodiversity Conservation) for environmental protection actions inside the region’s Federal Conservation Units, by [ordinance 572/2020](#), from the Ministry of Justice and

Public Security. The FNSP has worked in Conservation Units since October 2018, with successive extensions.

Land

From the 5 actions listed under Land, 3 were Regulation actions, 1 Deregulation and 1 Response action. [ICMBio's ordinance](#) was listed as an action extinguishing norms in the sector, with the first half-yearly list of priority Conservation Units for land property regularization. The list includes 22 areas, half of which in the Amazon. This biome's processes are considered priority according to Article 2, which lists criteria established by another governmental action: [ICMBio's normative instruction 4 from April 2, 2020](#). Both the actions were tracked by POLÍTICA POR INTEIRO's [Government Actions Tracker](#), listed as deregulation. The large amount of areas listed, the lack of transparency in the selection criteria and the short term for conducting land property regularization in the Conservation Units indicate the need for follow up of the developments from eviction and compensation actions. [Here you will find a full analysis including the list of priority UCs](#).

The response ordinance authorized the use of the FNSP (National Public Security Force) for Caarapó and Dourados municipalities, in Mato Grosso do Sul. The force shall be used for activities and services necessary for the preservation of public order and the safety of people and property, especially policing activities for preventing conflicts over land property issues, as well as for fighting transnational smuggling and drug, weapons and ammunition trafficking. The authorization establishes a period of 30 days. The NPSF has been in Caarapó since 2016, in response to the death of an indigenous person in a dispute among landowners and indigenous peoples. The municipality of Dourados was included by an ordinance in January 2020.

Among regulation actions, we highlight Incra's (National Institute of Colonization and Agrarian Reform) ordinance creating the Land Property Title Executive Working Group (GTE-Titulação).

Energy

Five actions were listed under Energy: 2 Neutral, 1 Response, 1 Flexibilization and 1 Regulation action. We highlight the Regulation one, published on October 23. This [Decree 10,527](#) created the Social Biofuel Label, with little change compared with the former "Social Biofuel Label", from [Law 11,116/2005](#). The new action expanded the list of eligible applicants, including agricultural and livestock cooperatives that do not have a Declaration of Eligibility from the National Program for Strengthening Family Agriculture (Pronaf) and institutions trading the produce of family farmers. It maintained rules and contribution reductions for PIS/Cofins, with no additional tax waivers. The Ministry of Agriculture, Livestock and Food Supply (MAPA) shall regulate the label, probably along the same lines of the [previous ordinance](#).

Environment

Four actions were listed under Environment: two listed as Regulation and the remaining two as Neutral and Deregulation.

The two regulation actions involve long term guidelines for policies of the federal executive branch. Decree [10,526](#), from October 21, created the Inter-ministerial Committee for Infrastructure Planning and created the Long Term Infrastructure Integrated Plan, aiming at: (i) fostering infrastructure investments to improve the quality and stock of infrastructure in the country; (ii) contributing to increased productivity from the economy and the creation of skilled job positions; and (iii) strengthening the environmental, social and governance qualities of infrastructure sectors' projects.

As part of this plan, transportation, telecommunications, energy, mining, water resources and basic sanitation, and technological research and development were established as a shortlist of priority sectors.

The Committee shall have representatives from: Chief of Staff of the Presidency, heading the Committee; Ministry of Finance; Ministry of Infrastructure; Ministry of Mines and Energy; Ministry of Communications; Ministry of Science, Technology and Innovation; Ministry for the Environment; Ministry for Regional Development; the Office of the Federal Comptroller General; and the Special Secretariat of Strategic Affairs of the Presidency.

In the following week, with [decree n° 10,531](#) and its long annex, the federal government introduced the 2020-2031 Federal Development Strategy for Brazil, the EFD 2020-2031. We deliberately chose to write “introduced” it was not a mere rhetorical choice. The EFD was drafted behind closed doors, with no transparency or dialog with the different instances of society, and it introduces three macroeconomic scenarios for Brazil until 2031, as well as guidelines, challenges, guidance, key-indicators and targets for five axes for two of the three scenarios (a more conservative scenario and a transformative scenario; the pessimistic scenario was discarded for strategic purposes).

POLÍTICA POR INTEIRO analyzed the EFD focusing on the environmental aspect. This [analysis is available here](#). Generally speaking, targets are not too ambitious and there is disconnection between the chosen key-indicators and challenges. The latter address, for instance, aspects related to emissions reduction and deforestation, but no single indicator directly reflects them.

Indigenous peoples

The three actions under Indigenous peoples are the only actions in this category this whole year. We highlight [Provisional Measure 1005](#), establishing sanitary barriers as a protection in indigenous areas, aiming at controlling the traffic of people and goods to avoid contagion and spread of covid-19. The action was listed as a response. It's important to keep in mind that the pandemic was officially decreed in March, when community transmission was detected in Brazil.

Ocean

Three actions were published in this theme: two resolutions by the Inter-ministerial Commission for Marine Resources (CIRM) on the country's extended continental shelf. Brazil intends to expand its "oceanatory" for mining exploration in deep waters. Firstly, [Resolution N°17](#), listed as neutral, ratified Brazil's position on exploration rights of the extended continental shelf. Extensions of the Equatorial (2017) and Eastern/Southern (2018) Margins were pleaded with the UN's Commission on the Limits of the Continental Shelf (CLPC) and are under analysis.

Subsequent [Resolution N°18](#) renounced the exploration contract signed in 2015 between the CPRM (Mineral Resources Research Company/Brazilian Geological Service) and ISBA, the International Seabed Authority. This action was listed as "deregulation". This contract regulated Brazil's exploration of cobalt-rich ferromanganese crusts in the Rio Grande Elevation region. However, since Brazil argues that the area is part of its extended continental shelf, CIRM considered 2015's commitment as contradictory. An [analysis of these two actions was published on the POLÍTICA POR INTEIRO website](#).

The [Ministry of Defense published an ordinance](#) creating a Technical-Scientific Committee for Advisory and Support of Monitoring and Neutralization activities on Impacts of Maritime Pollution by Oil and other Pollutants in the Blue Amazon. This action was listed as response since it is a reaction to the 2019 oil spill on the Brazilian Coast that affected all Northeastern States plus Espírito Santo and the North of Rio de Janeiro until February 2020. This response seems to be "late", since new spots appeared in April and May 2020 in four States, with no operational monitoring structure. Besides the fact that the Committee is mainly composed of the military, the MMA (Ministry for the Environment) is absent from its structure, even if [the MMA is the National Authority on the National Contingency Plan for Oil Pollution Incidents](#).

Science

Two actions were listed under Science: one Neutral and one Regulation action. The neutral action was an [ordinance from the Ministry of Defense](#) on the Biosecurity Committee of the Ministry of Defense. The action was a [decree](#) that established the National Innovation Policy.

Climate change

Two actions were listed under this theme: one Regulation and one Response action. The regulation action is worth mentioning: an [ordinance by MCTI](#) (Ministry of Science, Technology and Innovation) establishing the governance structure for "AdaptaBrasil MCTI" - Science's Contribution for Adaptation Measures. AdaptaBrasil MCTI is, according to the ordinance, a platform for the "consolidation, integration and publicizing of information that allow the advancement of climate change impacts analyses" in Brazil, "providing subsidies to relevant officials by adaptation actions". This initiative corroborates the perception that the MCTI is one of the few agencies of the federal administration where the implementation of the national policy on climate change is not at a standstill.

Forests

[Ordinance n°518](#) established the Forest+ Carbon modality, that acknowledges carbon credits traded by private and governmental entities without including them in the national emissions inventory. This means that, differently from what was agreed for the Clean Development Mechanism projects, that generate carbon credits and are included in the national emissions inventory, the trade of REDD+ credits would take place without the respective collateral. This was listed as neutral since it does not actually present any practical impact.

There was a "response" from the Legislative under "Disasters": [Bill of Law 4629](#) was passed at the Senate and forwarded to the Chamber of Deputies. Bill of Law 4629 intends to include the use of agricultural aviation in the governmental guidelines and policies for fighting forest fires. This is a request from the ruralists.

Waste

[Conama resolution 499](#), also passed at the 135th Plenary of the board, is listed under this theme. Resolution 499 allows the burning of pesticide packaging residues in cement furnaces. Since it is a new norm, it was listed as regulation.

Transportation

Inter-ministerial ordinance [3,852](#), from the Ministry of Finance and the Ministry of Science, Technology and Innovation, establishes the terms, conditions and the form of providing information and accounting data on research and development for companies benefiting from Programa Rota 2030 – Mobility and Logistics. This action was listed as Regulation since it determines rules and procedures within Programa Rota 2030 – implemented at the end of 2018 do develop the automotive sector, with energy efficiency and vehicular safety targets.

Fisheries

[Ordinance SAP/MAPA n° 248](#), (Secretariat for Aquaculture and Fishing/Ministry of Agriculture, Livestock and Food Supply) with criteria and procedures for making the remaining positions available for the shadow fishing of associated school modality permits. It establishes that up to 200 vessels shall be authorized to operate in territorial waters, the Exclusive Economic Zone (ZEE) and adjacent international waters in the North/Northeast (N/NE); and 50 vessels for territorial waters, the Exclusive Economic Zone (ZEE) and adjacent international waters in the Southeast/South (SE/S). Permits will only be granted to applications from 10- to 15-meter-long vessels in compliance with the National Satellite Tracking Program for Fishing Vessels (PREPS).

This topic brings attention to an action that has been signed, but with developments not yet published on the Federal Official Gazette. On October 30 a term of commitment was signed on the sardine fishing permit, as live bait, within the limits of the National Maritime Park of Fernando de Noronha. This permit, besides being controversial, is a significant first step related to the pressure on fishing in Integral Protection

Conservation Units, where extraction activities are forbidden according to a [SNUC Law](#) (National System of Conservation Units), as for the Tamoios Ecological Station, where president Jair Bolsonaro received a fine while still acting as federal representative. Moreover, the draft of the term of commitment, signed in Noronha by minister Ricardo Salles, lists, besides fishermen, local businessmen like bar and inn owners. This term is contrary to technical opinions of ICMBio (Chico Mendes Institute for Biodiversity Conservation), but it fulfills Bolsonaro's and Salles' promises since the first visit of the Ministry for the Environment to the island during the current administration. Their promises also include: allowing night commercial flights (fulfilled); permission to land large cruise ships on the island (fulfilled); substituting the head of the Park/Environmental Protection Area (fulfilled) and lowering the park's admission fee (not yet fulfilled).

Themes without highlights

Relevant actions were not tracked for Agriculture, Water, Dams and Mining.

4 - Analysis

Law consolidation: Brazil's access to the Organization for Economic Co-operation and Development (OECD)² is ongoing, and it explains the regulatory "cleaning" agenda, as indicated in previous months' Tracking and Analyses issues. According to our tracking, until October 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".

Specifically regarding the MMA (Ministry for the Environment), the (i) "law consolidation" of its norms lower in hierarchy than decree was published on September 9, 2020, in [Ordinance 376/2020](#); and (ii) the due course of the revision and consolidation of normative actions, including a schedule of actions, was published on October 27, 2020, in [Ordinance 558/2020](#).

Privatization of natural parks and other environmental assets: in October, besides the call for tender for Aparados da Serra and Serra Geral Parks, analyzed in the previous section and on [this text](#), there has been progress on the concession of two national parks (Canela and São Francisco de Paula, in the State of RS) to the private initiative, with previous project assessment by the TCU (Federal Court of Accounts). There is no legislation making the "Adopt a Park" Program yet - this program was intensely publicized by the government as a model for future concessions but is yet to be revealed and made concrete.

² 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 4th generation trade agreements, which focus more on standards than on tariffs and quotas.

Regarding licenses for urban solid waste management, the public hearing for the first common license for such services was concluded in October. The license applies to eight municipalities from Convale/MG (Uberaba, Sacramento, Conceição das Alagoas, Delta, Água Comprida, Veríssimo and Planura). This initiative is one of the five pilot projects structured with funding from the Secretariat of the Investment Partnership Program (SPPI) of the Ministry of Finance. This is the first such project to go to public hearing. Once this is concluded, the government expects that the first call for tender for RSU (Urban Solid Waste) for a public consortium in Brazil, the Convale/MG, will be published in December, with bids to be opened in February 2021.

CONAMA deregulation: The judicial dispute over recent CONAMA decisions is still intense. **POLÍTICA POR INTEIRO** prepared a [note](#) after the meeting indicating the main technical and legal aspects of the decisions. Revocations were published on the Federal Official Gazette this month, and are still being questioned. Draft Legislative Decrees [PDL 414/2020](#), [PDL 415/2020](#), [PDL 416/2020](#) and [PDL 417/2020](#) were forwarded to stop Conama's decisions. It is important to mention that Justice Rosa Weber, from the Federal Supreme Court (STF), approved, referring to Petition of Non-compliance with Fundamental Precept (ADPF) 748, an injunction to “*stop, until a final decision is reached, the effects of CONAMA Resolution nº 500/2020, with immediate coming into force of the effects of CONAMA Resolutions nºs 284/2001, 302/2002 and 303/2002*”. According to Federal Law 9,882/1999, the injunction may be approved by the rapporteur “in case of extreme urgency or of danger of serious injury or, still, during recess”. The final decision is yet to be reached by the Supreme Court, that is, legal dispute is still expected in the future in this regard.

No meeting of the Amazon Council: There were no meetings nor any actions regarding the National Council for the Legal Amazon (CNAL). The next meeting is scheduled for November 3, before a visit of European and Latin-American countries' ambassadors to the Amazon, scheduled by Vice-President Mourão. According to [Valor Econômico](#) newspaper, the goal is to show initiatives fighting deforestation and fires. Besides flying over the region, the agenda includes visits to the Superintendency of the Manaus Free Zone, to a settlement, and to an indigenous health care unit.

Deforestation control targets: once again there was no official presentation of 'realistic' targets for deforestation and illegal fires, as stated in CNAL's plan. An informal presentation (not backed by decree or a formal action of the Executive) was made, however, by Mourão to European countries' ambassadors on the 23rd, and to president Bolsonaro on the 28th of October. Mourão's numbers, called “objectives” and not “targets”, show a gradual reduction of current deforestation of around 50%, reaching 4,100 km² until 2023 – a less ambitious target than the reduction to 3,900 km² in 2020, as established by Law 12,1287/2009, which will not be achieved in 2020.

Fires and deforestation: The Amazon and the Pantanal suffered from [record-breaking numbers of fires](#). According to monitoring from the National Institute for

Space Research (Inpe), from the federal government, there were 17,326 heat spots in the Amazon, in comparison with 7,855 for October 2019. At the Pantanal, 2,856 heat spots were registered this year, in contrast with 2,430 in 2019. The Pantanal had already reached in September the all-time high for fires in the biome ever since Inpe's historical series started in 2002. In other words, the numbers are still rising. According to the Environmental Satellite Applications Laboratory (LASA), an area of 4.2 million hectares has burned in Pantanal, as seen in this [UOL article](#), the equivalent to 28% of the total area of the biome. Regarding deforestation, DETER's (Real Time Deforestation Detection System) data for September and Inpe's data published in October showed lower numbers for the [Amazon if compared to October 2019](#) (964.45 km² in September 2020, in contrast with 1,453.65 km² em 2019), which was nonetheless high in comparison with the historical average, in spite of the presence of the Army in the forest, with Operation Green Brazil 2 (*read more on the item below*).

Deforestation control operations under GLO: Operation Green Brazil 2 started in mid May and was extended until November 6. It is a GLO Operation (Operation for Guaranteeing Law and Order), and it was authorized to spend R\$ 418.6 million with the presence of the Armed Forces in the Amazon. The amount corresponds to more than twice the yearly budget of environmental agencies for fighting deforestation, and the budget for satellite monitoring by the National Institute for Space Research (Inpe), responsible for issuing warnings and for the official deforestation rate. Authorizations for Ibama's and ICMBio's expenditures altogether add up, from January to December, to R\$ 176.8 million. For a period of less than six months of Operation Green Brazil 2, the Ministry of Defense has a budget that is 136% higher. Among the operations effectively conducted within the GLO framework in October, there were Federal Police actions with the support of Funai (National Indigenous Foundation) and of the Brazilian Army, which have arrested 9 suspects of deforestation and starting fires inside Karipuna Indigenous Lands in the State of Rondônia, and fulfilled 30 search and seizure warrants for environmental crimes and invasion of areas in the Kadiweu Indigenous Reserve in the State of Mato Grosso do Sul.

Even with little evident results in terms of countering deforestation and fires and other actions, GLOs published in April and June this year are expected to be extended until April 2021.

Land regularization: On October 11, Minister Tereza Cristina (Ministry of Agriculture, Livestock and Food Supply - MAPA) shared on the social media a video clip produced by MAPA with support from the Agriculture and Livestock Parliamentary Front, narrated in English, stating that land regularization would be the only way to solve the deforestation crisis, since it would allegedly allow the identification and punishment of environmental offenders. In reality, however, for most deforestation cases, authorities know who the owner is or who claims property rights to a specific area. Therefore, the problem is not the identification, but the application of the punishment mechanisms. Until September, Ibama's fines due to offenses against the flora in the Amazon were 62% lower in 2020 if compared to the

same period in 2019 (a year which had already registered a 24% drop in comparison with 2018 data). Moreover, land title grants made possible by Law n° 11,952 (from June 25, 2009, which addresses land regularization of settlements in Federal lands) are below the yearly average for previous administrations (3,000 property titles per year since 2010).

The government maintains in its immediate agenda an articulated effort, via Government Secretariat, for the passing of Bill of Law 2633/2020, on land property regularization and changing laws in force. Additionally, the Amazon Council also plans to decree a Land Moratorium (by MAPA, until December 2020), a pilot project for land property regularization granting land titles (by MAPA, until December 2020), and expansion of the Rural Environmental Registry (CAR) (by MMA until December 2021). It is important to mention that CAR is currently managed by MAPA, no longer being managed by MMA.

Reform of agencies responsible for fighting environmental crime: As mentioned above, in the analysis of actions by theme, and as was also included in the September Tracker and Analysis issue, [ordinance 524 from October 2](#) signaled the merger of Ibama and ICMBio via the creation of a working group responsible for studying this possibility. No public announcements were made in October regarding the progress of these studies. However, ICMBio's [budget](#) for the next year makes it clear that the decision for the merger of the two agencies has already been made: [a budgetary cut of 12.8%](#).

The Amazon Fund: once again there were no actions re-creating the Amazon Fund Steering Committee (Cofa). The imbroglio of the Fund, stopped for almost two years now, was the topic of a public hearing (sessions on October 23 and 26) on the Direct Action of Unconstitutionality by Omission ([ADO](#)) 59, with Justice Rosa Weber as rapporteur at the Federal Supreme Court (STF). At the hearing, BNDES's (Brazilian Development Bank) representative acknowledged that there are currently nearly R\$ 2.9 billion in unused funds. The Minister for the Environment tried to lay blame on Norway for the Fund's inoperation. As stated in the September issue, the reactivation of the Amazon Fund is a kind of an international passport: if it happens, it may mean more opening from other countries to cooperation with Brazil on the topics of forests and climate.

Bioeconomy: Despite all public expressions favorable to the development of bioeconomy, there were no actions this month, nor in previous months, indicating formalization and progress in the agenda. The Special Secretariat for Productivity, Employment and Competition from the Ministry of Finance has promised many times to revise regulatory barriers to investments, to propose changes very soon, and to guarantee enterprise status to the Amazon Biotechnology Center (CBA). The Ministry for the Environment refers to bioeconomy as the solution agenda for deforestation.

Payment for Environmental Services: This theme is another agenda the government mentions as priority but that no evidence of progress can be actually found. In the private sphere, this month a new program was launched that will pay rural producers from the Legal Amazon for the conservation of areas where deforestation could lawfully take place.

The Amazon Environmental Research Institute (Ipam), in partnership with the Environmental Defense Fund (EDF) and the Woodwell Climate Research Center (both from the US), has structured the CONSERV program, totally conducted by non-governmental players. The project will have initial funds of R\$ 24 million donated by Norway and the Netherlands.

Geospatial intelligence: the government intended to create until October, by order of the president, 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 September issue. However, this has not been confirmed yet.

New head of Inpe: Researcher Clezio Marcos de Nardin, a long time public servant, was formally nominated head of the agency by Minister Marcos Pontes, a year after the dismissal of scientist Ricardo Galvão. Nardin was general-coordinator of space and atmospheric sciences at Inpe. For *O Globo* newspaper, Nardin said he sees no problem in the interest of the military for monitoring the Amazon by satellite, but argued that this job should continue to be conducted by civilian agencies. The choice of Nardin for the position elicited positive responses from the scientific community, according to an article from *G1*.

Climate litigation: As indicated in the September issue of POLÍTICA POR INTEIRO and in the analyses herein, one of the government's arguments for not meeting emission reduction targets is the growing importance of climate contention actions that gain momentum with the judgment of two important instruments: the National Climate Fund and the Amazon Climate Fund, which would be key to the success of the climate agenda in 2020. Besides these, representatives from the main opposition parties filed an action at the Federal Supreme Court (STF) to stop the effects of a decree that, according to specialists, hampered in practice the punishment for environmental crime in Brazil. The April 2019 decree stopped the collection of environmental fines and created the "conciliation nuclei", places for conducting hearings with participation of surveillance agencies and the assessed, to lead to the payment of fines without the need for the judicial appeal. However, an assessment by the Climate Observatory (OC) learned that Ibama only conducted five of the 7,205 hearings scheduled, and that ICMBio conducted none. This means that, in practice, the rules established by the decree ended up granting an "informal amnesty" to fines, since crimes and offenses did not have a suspension of their statute of limitations.

Traceability of supply chains agenda in Brazil and in Europe: The government of the United Kingdom ended on October 5 the public hearings that will inform a bill of law that aims at forcing British companies to guarantee that, by means of traceability systems, the imported products sold in the internal markets will not have originated from illegal deforestation. Major companies operating in the British market – among them the supermarket network Tesco, food manufacturers Unilever and Nestlé, and the fast-food restaurant chain McDonald's – have sent a letter to the British government asking for the rule to apply to all types of deforestation, legal or illegal. Besides the United Kingdom, the European Commission has also started consultation on potential measures to reduce the risk of deforestation and forest decay associated with the bloc's import demands. The results will be publicized in the beginning of 2021. In Brazil, as previously reported here, the Climate, Agriculture and Forests Coalition presented a common agenda to the government to contain deforestation, with measures including more transparency and traceability of the chains at risk. Brazilian company JBS announced a plan to track all its supply beef chain and to guarantee that its products are free from illegal deforestation, including indirect suppliers, until 2025. In spite of these external and internal movements, the Bolsonaro administration remains resistant to the traceability agenda. Ernesto Araújo, Minister of Foreign Affairs, says that stricter environmental criteria are actually protectionist measures, and opposes Brazil's steps in this direction. Specifically regarding the United Kingdom, a spokesperson from Boris Johnson's office affirmed that Brazil has the necessary laws for protecting the forest and avoiding the contamination of commodities chains by products originated from environmental crimes – it would suffice for the government to apply them.

EU's trade pressure on Brazil for ending deforestation: For the first time, the majority of European Parliament members has stood against the approval of the EU-Mercosur trade agreement. This happened on October 7, while voting on an amendment to a report on the bloc's trade policy, which included the observation – approved by the members of the parliament – that "the EU-Mercosur agreement may not be ratified in its current form". The original amendment mentioned concern with Jair Bolsonaro's environmental policy in Brazil, but an articulation of right-wing and extreme-right parties managed to remove this excerpt from the approved text. This voting does not mean a veto on the EU-Mercosur agreement – since the text has not yet been officially presented to the European Parliament – but it gives relevant indication, since it shows that the majority of European representatives is not willing to approve it. During her visit to Lisbon, Tereza Cristina Dias, Brazil's Minister of Agriculture, said that Portugal was in favor of the fast approval of the EU-Mercosur trade agreement. Valdis Dombrovskis, the new EU Trade Commissioner, recognized that the approval of the agreement in the short term is unlikely, but argued that it should remain in the bloc's agenda. Therefore, there is still pressure on Brazil. On the 23rd, ambassadors from Germany, Belgium, Denmark, France, Italy, Holland, Norway and the United Kingdom asked Vice-president Mourão for "real immediate actions" to combat deforestation (*we mentioned topics on this issue on some of the items above*).

On October 22, the European Parliament asked the European Union to introduce laws to prevent importing commodities and products connected to deforestation and human rights abuse. This change takes place when EU politicians face increasing pressure from voters to fight climate change, following years of failed voluntary efforts from the part of companies to fight deforestation via measures such as certification schemes.

Trade pressure on Canada regarding agreement with Mercosur: The Canadian government is also being questioned about how it will address deforestation in the Amazon in the negotiations of a trade agreement with Mercosur, as informed in the September issue.

Increased punishment for deforestation crimes: new bills of law were sent to the National Congress to harden punishment for illegal deforestation crimes. For example, representative Felipe Carreiras' (PE) proposal suggests the expropriation of assets of producers who deforest without previous authorization, including seizure of cattle and the destruction of inputs, machinery and equipment. Another bill of law, by representative Célio Studart (CE), proposes to double the punishment for those who start forest fires, to the maximum of 16 years in prison in the case of large proportion fires.

Low Carbon Agriculture: In the first quarter of the current crop year (July to September), agricultural areas with greenhouse gas reduction technologies funded by lines of credit from Program ABC (Low Carbon emission Agriculture) went from 245 thousand hectares to 485.1 thousand hectares, a 97.9% growth in comparison with the same period from 2019. The assessment was publicized by MAPA (Ministry of Agriculture, Livestock and Food Supply), based on data from the Central Bank's Sicor system. For this period, operations totaled R\$1,068 billion, showing a 36,8% increase in comparison with July-September 2019. The State of Mato Grosso had the highest number of rural producers seeking financing, whilst the State of Mato Grosso do Sul saw the biggest expansion in the area adopting low carbon emission practices, totaling, respectively, more than R\$ 163.9 million contracted and 167 thousand hectares under financing. The ABC Plan is currently being reviewed for the coming 2021-2030 cycle.

Resumption of the Inter-ministerial Committee on Climate Change (CIM): the main governmental collegiate body for climate policies held its first meeting almost two years into the Bolsonaro administration. On October 21, the Committee gathered ministers for addressing topics such as the revision of Brazilian NDCs (Nationally Determined Contributions), Brazil's fourth national communication to the United Nations Framework Convention on Climate Change and a new stage for the National Adaptation Plan. The minutes of the meeting have not yet been released. According to backstage information, Minister Marcos Pontos (Ministry of Science and Technology) did not participate due to his external agenda with the president and his representative

was not allowed to sit in for him by order of Ricardo Salles, Minister for the Environment.

Green bonds and "green BNDES": BNDES (Brazilian Development Bank) issued the country's first green financial bonds: R\$ 1 billion will be destined to financing wind and solar generation projects. The demand equaled seven times the supply. Despite the standstill of the Amadon Fund (as mentioned above), BNDES takes a stand in the green bonds and ESG market (Environmental, Social and corporate Governance). This month, BNDES held a "green week" with virtual events and informed the press that today, 54% of its portfolio is linked to sustainable economy, with 41% in energy and agribusiness and 13% in social investment, including sanitation.

Petroleum: There was a drop in Brazilian production in September, both in comparison with August and in comparison with September 2019. Petrobras announced that, given the situation of the international market, strongly affected by the pandemic, it will postpone projects like the Parque das Baleias, located along the coast of Espírito Santo and on the Campos Basin. This decision illustrates the US\$ 24 billion cut in exploration and production projects for the next 5 years. The company is expected to announce further cuts in the coming months. However, on October 22, it was communicated that [Petrobras will take over operation of block FZA-M-59](#), at the Mouth of the Amazon Basin, becoming the main company responsible for the contracted areas in deep waters for the region. Total and BP dropped the block that had its environmental license denied by Ibama in 2018, because models had demonstrated that a spill might immediately reach the French Guiana.

In the context of the cycle of the permanent auction, on November 3rd the bids presented will be known. Among the blocks available are those located at the Camamu-Almada sedimentary basin (near Abrolhos). Soon we will know whether any company has showed interest in exploring oil in the region. No bids were presented for the 2019 auction, indicating that environmental risk, even if ignored by public agencies, is a relevant factor for market assessments. We will learn if the possibility that smaller companies might explore these blocks is confirmed.

Electrical vehicles on the rise: Even with the intensification of the economic crisis due to the pandemics, the sales of electric vehicles more than doubled in Brazil during the first semester of 2020. According to the National Association of Vehicle Manufacturers (ANFAVEA), the demand for electric passenger cars and medium-duty vehicles increased 221% during the first semester of 2020, with sales of 7,568 vehicles. In comparison, general car sales fell more than 38% in the same period in the national market. As noted above, the only action captured in October in Transportation was a regulation relating to the Rota 2030 Program, which includes benefits to encourage the production of electric vehicles.

Carbon neutrality by 2050: a climate race to see who has the greatest ambition? South Korea, Japan, China and the United Kingdom, as well as the European Union,

have set themselves the goal of reaching the middle of this century with zero net emissions. In the case of South Korea and Japan, this is significant news as it represents a tremendous challenge for two of the world's most fossil-fuel dependent economies.

Aichi Targets: this is the final year for the Targets established ten years ago at COP-10, according to the Strategic Plan for Biodiversity. According to the latest report, Global Biodiversity Outlook 5, the world is far from having achieved them. Three actions monitored in the Congress in October are related to the topic: Bills of Law 4,827, 4,828 and 4,829, on the protection of wild animals, including invasive species control.

5 - Trends

The November agenda is marked by the American elections, still surrounded by uncertainties as to its outcome at the ballot boxes and electoral colleges having recognition and credibility.

We consider it very important to follow the US elections closely, mainly to read the Brazilian government's stance in relation to the American electoral result. Given President Bolsonaro's alignment to Republican Donald Trump, and the fact that the climate agenda was treated with unprecedented importance in the debates between candidates Joe Biden and Trump, developments related to the permanence or change in the White House make the Brazilian government eagerly wait for the outcome. It is worth mentioning that, in a scenario of confirmed victory for Democrat Biden, he has raised the challenges of deforestation and fires in Brazil as problems that prevent the resolution of the climate crisis. Biden suggested that his government would take a stick-and-carrot approach, creating a US\$ 20 billion international fund to help offset the costs of protecting the Amazon and, at the same time, threatened unspecified economic punishments if Brazil does not contain environmental damage. For this reason, if Biden wins, Bolsonaro will have to take an international stand - either to face or to accommodate pressure to control deforestation.

Analysts indicate that Bolsonaro is more likely to adopt (at least initially) a conflictive stance, maintaining his political calculation that the economic cost of not ratifying trade agreements is less than an eventual loss of political support from his base that benefits from the flexibilization of environmental policy (such as miners, squatters and illegal loggers). However, if the United States aligns itself with Europe with regard to deforestation in the Amazon, Brazil may become economically isolated and decide to give in. In such a scenario, an exchange of the most uncompromising ministers on the international agenda can be envisioned.

November also promises to increase the pressure on Brazil in the climate agenda due to COP26: the United Kingdom is preparing an event on December 12th to celebrate the 5 years of the Paris Agreement. The invitation to participate in the event is subject to the announcement of an increase in climate ambition. In other words, world leaders

will only have a voice if they are committed to improving their NDCs, or to climate finance, adaptation or long-term strategy.

Just like China, which announced a carbon neutral target by 2060, followed by Japan and South Korea, which indicated emissions neutrality by 2050, it is possible that other nations and regions will follow the European and Asian line to announce long-term commitments before or during the celebration event.

There has been neither a formal nor an informal statement by the Brazilian government on the subject so far. The ministers reportedly dealt with the matter for the first time at a CIM (Inter-ministerial Committee on Climate Change) meeting held on October 21, and would be working with the eight-month deadline before the COP to review its NDC. That is, until March 2021. It is possible that Brazil completely ignores the opportunity to position itself among the climate leaders in December of this year, or else make a less expressive gesture towards climate finance or even adaptation. If he follows the line of ignoring the British invitation, Bolsonaro may still reiterate until March 2021 the NDC presented in 2016, which has quantified targets for 2025 and indicative targets for 2030.

It is worth taking into account that other countries and also blocs, notably the European Union, are keeping an eye on the signal that Brazil is going to give. In an interview with Valor Econômico newspaper on October 29, Yvon Slingenberg, the Director in DG Climate Action of the European Commission, made it clear that in publicizing its new goal in the Paris Agreement, Brazil's gesture may have repercussions in the advances around the ratification of the agreement between the EU and Mercosur.

In domestic terms, on November 11, GLOs (operations for Guaranteeing Law and Order) will have been in force for 6 months in the Amazon, and pressure is increasing for the Brazilian government to show results. The agenda of the ambassadors' visit to the Amazon, under the guidance of Vice-President Mourão, will seek to open new dialogue channels. However, choosing to visit a region such as the Upper Rio Negro, in the Amazon, where deforestation is not an issue, may end up having an opposite effect to the desired one. It would be desirable for the Brazilian government to show efforts toward resolving deforestation and creating an environment of trust. By taking representatives of the international community to a region without pressure from deforestation, the government is betting on a diversion strategy.

Regarding the future of the agreement between Mercosur and the European Union, the prospects remain pessimistic. In view of the government's inaction, private companies have addressed the risk of deforestation in their chains by their own initiatives. Direct requests from foreign companies for compliance with national legislation are also beginning to emerge. The tendency is to maintain this type of pressure, both due to the markets' call for management of the deforestation risk, and to compensate, to some extent, for the insufficient action of the Brazilian government.

Considering the municipal electoral calendar dates, the outlook is not good for the appreciation of [Green Agenda](#) projects in the National Congress, nor for Reforms. In the Senate, important matters such as the new gas law and the "Pantanal Statute" are dormant.

The Joint Budget Committee shall be created to work on budget pieces (LDO - Budget Guidelines Law, and LOA - Annual Budget Law) for 2021. Although municipal elections influence the pace of work at the Congress, LDO and LOA may be passed before parliamentary recess (at the end of December).

In the context of institutional reforms, more collegiate bodies, paralyzed since 2019, are expected to resume activities, along the lines in which their resumption has taken place: fewer members, decision making more centralized in hands of the federal government and almost no space for social participation. This, for instance, was observed in the re-creation of the Steering Committee for the Xingu Sub-regional Sustainable Development Plan, as analyzed above, where the term "equal participation" was eliminated from the act that reconfigured it. The MMA (Ministry for the Environment) participates in 200 collegiate bodies and coordinates 39 of them.

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