Context and objectives

Brazil and the United States, the two largest economies in the Western Hemisphere, have enjoyed a historically friendly relationship, including on climate and environmental policy. But Brazil’s environmental policy and enforcement have steadily weakened in the most critical areas for climate, particularly since 2014, when Brazil’s economy entered a recession and the country sustained an extended period of political turmoil. In 2019, Jair Bolsonaro, a retired military officer and far-right firebrand, assumed office as president after a highly polarizing election. Bolsonaro has actively dismantled environmental enforcement agencies and scaled back protective policies towards the environment and indigenous peoples in favor of unhindered agricultural, timber, and mining exploitation.

The 2019 Amazonian fires drew worldwide attention to the implications of Bolsonaro’s environmental policies. The Trump Administration has endorsed and emboldened Bolsonaro to pursue this Amazon agenda, which poses existential threats to U.S. and international interests incountering climate change impacts from the destruction of the “planet’s lungs.” The challenge for a new Administration will be to engage Brazil on a climate policy of dire consequence, advanced by a President hostile to outside pressure.

Brazil houses some of the world’s most critical natural environments. The country contains over 60% of the Amazon rainforest, which represents over half of the world’s remaining rainforests and its most biodiverse region. With the potential to absorb 5% of the earth’s carbon emissions and as home to one in ten of the Earth’s species, a healthy Amazon rainforest helps regulate the global climate and provides habitat for wild plants and animals. Two of Brazil’s other regions are also important for climate - the Cerrado, (soil carbon and agricultural expansion) and the Atlantic Forest (reforestation). The Cerrado, the second largest habitat after the Amazon, is a vast tropical savanna that is crucial for soil carbon storage and for the entire country’s water systems. But the Cerrado enjoys even less environmental protections than the Amazon, and has been steadily turned into soybean fields. The Atlantic Forest, a rainforest separate from the Amazon and that once covered an area nearly the size of Alaska, has been almost entirely deforested since Portuguese colonization. Still home to the majority of Brazilians, reforestation efforts here are being scaled up for carbon sequestration and to protect urban water supplies.

A progressive climate change policy strategy with Brazil would encompass a mix of support for Brazil’s sustainable economic development of the Amazon, to include advancing natural climate solutions, reducing the climate impacts of agriculture, and preserving and elevating economic, territorial, and cultural protections of the country’s indigenous peoples. A bilateral energy policy will also need to factor in Brazil’s status as a major biofuels producer, its large investments in hydropower, which both contribute significantly to its electricity portfolio and
generate tension with environmental and indigenous groups, and its active deep-water oil exploration industry.

The Trump-Bolsonaro relationship has driven more positive bilateral ties than experienced during the Obama Administration. The next Administration faces the challenge of trying to sustain positive relations with a government whose approach on governance, human rights, climate, and the environment are antithetical to progressive positions. Nevertheless, the next Administration should encourage Brazil to change direction from its recent decisions to undermine indigenous rights and expand development in the Amazon as well as other critical areas. Brazil, in consultation with other Amazonian nations and indigenous peoples, should work to create a new vision for Amazon development. Top priorities include keeping Brazil committed to the Paris Agreement, encouraging improved forest conservation and restoration, as well as strengthening environmental protection enforcement efforts throughout the country.

**Priority strategies**

The Brazil agenda could be focused around four priority strategies:

1. **Collaborate with Brazil by offering increased support for enforcement and monitoring to bolster regional afforestation efforts;**
2. **Lay the groundwork simultaneously for a pressure strategy leveraging trade and other tools;**
3. **Coordinate with Europe on both positive and pressure strategies; and**
4. **Foster engagement with non-Federal parties.**

1. **Collaboration agenda.** Bolsonaro and Brazilian officials generally react poorly to outside and public criticism and pressure. This is not a recent development. Brazil has long been sensitive to its status—acknowledging its need for support while remaining committed to equal partnerships. Bolsonaro is particularly concerned with maintaining Brazilian sovereignty over its most precious environmental resources, with a focus on the Amazon. We recommend a new Administration, in the early stages of building a relationship, pursue a positive agenda that is framed around equal partnership and pairing U.S. objectives to encourage Brazilian climate action through enforcement of legal protections for forests and the rights of indigenous communities with engagement with Brazil on U.S. conservation and stakeholder engagement efforts.

   **Resource Management:** A new Administration should consider constructive approaches, including financial support, to help Brazil strengthen and improve enforcement of its laws regulating deforestation and mandating reforestation under specific circumstances.

The United States could offer assistance in increased support for enforcement and in monitoring data to help regional afforestation efforts, such as the Leticia Pact for the Amazon. Brazil and 7 other Amazonian countries signed this agreement to expand coordination and cooperation in the area after last year’s fires. The Pact calls for a free exchange of data from
monitoring, an expansion of afforestation initiatives, and increased participation of indigenous people and women. However, the Pact has been criticized for a lack of scientific detail and enforcement mechanisms, and Bolsonaro has stated that Brazil signed on solely to reaffirm its regional sovereignty. U.S. support for the initiative could strengthen outcomes if technical cooperation with some resources was offered in partnership, though certain sovereignty and security considerations may limit U.S. support.

Brazil has made bold commitments to forest restoration, especially in the Atlantic Forest, which should be a positive avenue to engage in climate and conservation discussions, building beyond commitments like the Bonn Challenge. The next step is execution on those commitments. This is another area where U.S. and international financial support would be beneficial. In the recent past, the Global Environment Facility and other international sources have helped NGOs and subnational governments establish nurseries and build technical capacity for reforestation. Continued investment would help develop longer-term projects with tree planting and monitoring, which have tangible climate benefits. It is notable that this is one area where the Bolsonaro administration has expressed interest, primarily through support for the Trillion Trees Initiative announced through the World Economic Forum. While the initiative has received valid criticisms (and in the U.S. has largely been advanced through superficial legislation that distracts from serious climate policy), Bolsonaro’s commitment does create an opportunity to support on-the-ground climate action in Brazil.

Commercial: The Obama and Rousseff Administrations launched a comprehensive biofuels cooperation initiative, which encompassed bilateral R&D, including on aviation biofuels, standards setting, and joint biofuels development capacity building in third countries. A new Administration could revisit biofuels as an area of cooperation, with a caveat that any such cooperation avoids Amazonian deforestation at all costs and strengthens scientific cooperation to assess and monitor the impact of biofuels production on other land-based GHG mitigation and sequestration goals. A specific opportunity could be collaboration on Brazil’s implementation of RenovaBio, a biofuels policy program Brazil launched in 2017 to reduce emissions and meet its NDC. The program, based in part on California’s Low Carbon Fuel Standard (LCFS) and U.S. Renewable Fuel Standard (RFS), creates a carbon credit market with defined goals for execution while considering the volume of fossil fuel transactions from each distributor. This framework boosts the biofuel supply chain and establishes mechanisms that encourage companies to follow deforestation regulations.

The United States could provide technical assistance to help Brazil reduce the carbon footprint of its agricultural sector, focusing on reducing the carbon intensity of beef and enhancing soil health. As one of the world’s largest beef exporters, the industry not only is a major contributor to deforestation, but also to global methane emissions through enteric fermentation. Reducing beef consumption is not possible, but there are significant opportunities for reducing the carbon intensity of beef production that would enhance productivity and could therefore improve farm incomes. Likewise, technical assistance to promote soil health practices can also support productivity while sequestering carbon, reducing the demand for further deforestation and supporting agricultural communities.
Scientific: In the context of Covid-19, a new Administration could propose advancing U.S.-Brazilian research partnerships to better understand the potential for zoonotic diseases to emerge in the Americas---especially from the Amazon---which pose a public health threat to Brazil and potentially more broadly. Research could look into the role that agricultural expansion into natural areas plays in the risk of disease outbreaks.

On climate research, a new Administration could consider new partnerships with the Brazilian Space Agency (Inpe), which has the capacity to monitor forest cover, deforestation, and fires across the country, to monitor trends in deforestation and improve estimates of carbon density in natural areas.

Brazil has committed to restoring significant areas with native vegetation beyond the Amazon and Cerrado regions, especially in the Atlantic Forest. U.S. support for scientific capacity to scale up restoration efforts in Brazil is another area where bilateral engagement would be beneficial for climate policy. Brazil’s approach on restoring vegetation is motivated by national conservation legislation, but aligns with other national efforts to support ecological restoration (e.g., USFS and DOI efforts to restore forests and protect threatened habitats) as well as international efforts, such as the Bonn Challenge and the Bolsonaro-supported Trillion Trees Initiative.

Finally, the United States and Brazil could increase exchanges between their universities and the scientific community to enhance science-based university programs that would create a pipeline of the next generation of climate and land-use scientists, strengthen science-based policy and decision-making in Brazil, and create closer ties between the scientific communities in both countries on research collaboration.

2. Pressure agenda. The reality is that Bolsonaro’s approach on climate, the Amazon and indigenous rights is at odds with a progressive agenda, and a new Administration should prepare a pressure strategy if a positive engagement agenda does not produce results.

Trade is one of the more promising levers to influence Brazil public policy. The United States is Brazil’s second largest export market (behind China), with significant trade in beef and soybeans. Bolsonaro seems to pay attention to trade matters, and U.S. trade-related actions to address the deforestation crisis, particularly leveraging environmental, social and governance (ESG) concerns through Brazil trade supply chains could push the policy needle in Brazil.

At the federal level, the two governments have signaled interest in pursuing free trade agreement (FTA) negotiations. If this potential remains on the table by the time of a new Administration, the White House should condition consideration of any further FTA negotiations on appropriate environmental- and human rights-related actions and safeguards, and provide any necessary technical assistance to put in place appropriate safeguards and monitoring.
Congress has introduced legislation to direct the President to use emergency economic powers to restrict agricultural imports that drive violations of Brazil’s own land use laws. Brazil maintains a legal framework to maintain and restore native vegetation on private properties, and while enforcement has been relatively limited the government has improved its capacity to monitor compliance. The United States could leverage these emergency authorities as well as its status as a major Brazilian agricultural customer to support improved enforcement and counter the potential that the Bolsonaro administration may weaken them.

As part of a pressure strategy, a new Administration should encourage state and local authorities to consider legislative actions similar to those by Los Angeles, whose city council unanimously approved a motion to eliminate the purchase of any product derived from Amazon deforestation.

3. Coordination with Europe. A new Administration should coordinate its Brazil engagement strategy (positive and, if necessary, pressure) with Europe, which has a longstanding and generous engagement program with Brazil. Recently this has extended to climate issues -- notably with the Amazon Fund (funded primarily by Norway, as well as Germany). European sponsors halted Amazon Fund support in 2019, due to disagreements with Bolsonaro administration leading to the abolishment of the Fund’s technical committee. Separately, the EU and Mercosur have reached preliminary consensus on an FTA, pending final approvals by member states. A future Administration should work with EU partners to ensure that some member states’ (esp. France and Ireland) environmental and human rights concerns are addressed as the FTA is implemented.

4. Engagement with non-Federal parties in Brazil. Several Brazilian states have continued to pursue agreements with foreign parties to fund forest conservation efforts even as federal level interest in international cooperation on climate has cooled. One possible avenue has emerged with the California Air Resources Board’s adoption of the Tropical Forest Standard, which creates a path for projects in the tropics to sell credits on the state’s emissions trading system. CARB could use this mechanism to support subnational efforts to increase forest conservation. Working more closely with Brazilian governors, especially those from opposition parties or with significant political leverage and independence, such as Sao Paulo and Rio de Janeiro, could also prove a counter-weight to Bolsonaro and expand opportunities for meaningful partnership and action at the local level. Since many Brazilian states depend on the federal government for funding, identifying opportunities for outside financial assistance that does not require working through the federal government may be needed.

COVID-19 implications

Brazil faces a potentially grave COVID-19 crisis, as Bolsonaro continues to speak dismissively and respond slowly. Vice President Mourão recently stated that COVID-19 has forced security authorities to limit monitoring and protection of the Amazon from land invaders ahead of the annual fire season. The results of this have been devastating; there have been documented increases in land grabs, mining, and the murder of indigenous forest protectors. In the face of
this pandemic, the international community should call on Brazil to prioritize indigenous protection and recovery by adequately investigating and bringing these criminals to justice. It is likely that Brazil will continue to feel the effects of COVID-19 for a significant period due to its lack of initial action.

As noted above, the emergence of Covid-19 may also create an opportunity for the United States and Brazil to pursue joint research on zoonotic risks from Amazon development, which has links to the U.S. agenda on Amazon-related climate policy.

We recommend the Administration engage Brazil at the highest political levels on climate, but it should assess the policy risks of direct engagement with Bolsonaro. Alternatively, proposing a dialogue led at the Vice Presidential level would demonstrate to Brazil the priority the Administration holds on climate and would engage Vice President Mourão, who is viewed as more pragmatic on environmental issues than Bolsonaro. Mourão also chairs Brazil’s recently created Amazon Council, a senior interagency body to coordinate enforcement of national laws regarding the Amazon’s conservation and protection.

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1 This section is based upon input from the following individuals (section leads are noted with an asterisk and additional contributors are listed in alphabetical order): Ryan Richards (Center for American Progress)*; Alan Yu (Center for American Progress)*; Jessica Carey-Webb (Natural Resources Defense Council). The views reflected in this document are not intended to be consensus perspectives and do not reflect the views of the individuals’ organizations.