

DEFORESTATION IN THE AMAZON REGION:

## THE LION WAKES UP

### A review of the Action Plan for the Prevention and Control of Deforestation in the Legal Amazon Region

March 2008

In January 2008, after three years of good news about decreasing annual rates of deforestation in the Amazon region, the Brazilian Ministry of the Environment (MMA) and the Brazilian National Institute on Space Research (INPE) released preliminary data showing a record-breaking increase in the destruction rates of the planet's largest rainforest in the second half of 2007. The news was devastating, both for the country and for its government's reputation. After all, the government of President Lula had launched, in March 2004, an ambitious plan to fight deforestation and celebrated its results in several international forums, including the crucial United Nations Framework Convention on Climate Change, held in Bali, in early December 2007. On that occasion, the government presented the decreasing deforestation rates as proof that the country was contributing towards minimising global warming, and urged rich countries to make their own contributions. A few months before, President Lula celebrated, at the UN meeting, the achievements in the fight against deforestation - the major contributor to the Brazilian greenhouse gases emissions that lead to climate change. The preliminary success of the fight against destruction of the Amazon rainforest was the leitmotif of the speeches delivered by the President and his ministers to defend and expand the international market for Brazil's biofuel. It has even been included in the political campaign, since Lula did not forget to mention the decreasing rates shortly before the 2006 presidential election.

The note of apparent surprise in view of the renewed appetite of the chainsaws was enhanced by the fact that, in October, November and December, the heavy rains in the region are an obstacle to the felling of the large Amazon trees by loggers and to the burning of the forest remains by cattle breeders and farmers. What happened, then?

After all, the "Action Plan for the Prevention and Control of Deforestation in the Legal Amazon Region (PPCDAM)" had merit: for the first time, the Brazilian government recognised that deforestation had complex causes and could only be fought consistently if the government engaged in the fight as a whole, not just through the MMA or environment protection agencies, such as the Brazilian Environmental Agency IBAMA. The Plan's coordination was assigned to the Presidential Chief-of-Staff cabinet, and involved 13 ministries<sup>1</sup> and their corresponding self-managed organs – including those that support or promote the destruction of forests.

Some explanations on possible causes of the deforestation surge are presented in this report. One is the fact that only 31% of the plan has been accomplished; the low execution rate was mainly due to the lack of appropriate coordination by the Chief-of-Staff's office. Another cause was the increase in the price of agribusiness' commodities, such as soya and meat. A third reason is the transfer of the responsibilities for monitoring and licensing of rural properties, logging activities and deforestation to the Amazon region states, which are poorly equipped for such tasks.

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<sup>1</sup> MAPA - Ministry of Agriculture, Cattle Farming and Supply, MCT - Ministry of Science and Technology, MD - Ministry of National Defense, MDA - Ministry of Agrarian Development, MDIC - Ministry of Trade, Industry and Development, MI - Ministry of National Integration, MJ - Ministry of Justice, MMA - Ministry of the Environment, MME - Ministry of Mining and Energy, MT - Ministry of Transportation, and MTE - Ministry of Labour and Employment. After the Plan was launched in 2004, the MPOG - Ministry of Planning, Budget and Management and the MRE - Ministry of Foreign Affairs also became part of the group.

In October 2007, during the session where the "Agreement on Acknowledging the Value of the Forest and Ending Amazon Deforestation"<sup>2</sup> was presented to the Parliament by Greenpeace and eight other NGOs, the Governor of Mato Grosso state, Blairo Maggi, compared deforestation to a sleeping lion. Maggi, who is called the "King of Soy", knows better: the state he governs has been leading the deforestation figures over the past decade.

The lion has woken up. And it is hungry.

## EXECUTIVE SUMMARY

In 2005, Greenpeace released a critical review of the Plan's first year.<sup>3</sup> This report presents a new analysis of the accomplishments and what was left undone as of July 2007. It is based on field surveys and interviews with government officials from six ministries (MMA, MDA, MCT, MAPA, MJ, MDIC), and with officials from IBAMA, the National Indigenous Foundation FUNAI and the National Institute of Land Reform INCRA, in Brasília and in four states – Amazonas, Mato Grosso, Pará, and Rondônia. Scientists, community members and social movement leaders were also heard. The information available in the Plan (<http://www.mma.gov.br/ppcdam>) and on official websites was confronted with the data obtained in the field.

The Plan includes 162 activities<sup>4</sup> linked to 32 strategic directions, divided into three major subject categories: (i) Territorial and Land Planning, (ii) Monitoring and Control and (iii) Promotion of Sustainable Activities. A fourth axis, called Environmentally Sustainable Infrastructure, foreseen and discussed in the eight-month period during which the Plan was prepared, has been withdrawn at the request of the Chief-of-Staff's office just before launch.

The assessment of the impacts of the Plan has turned out to be a complex task, especially because it does not include deforestation reduction targets, which is the main problem to be solved. Targets were established for each of the 162 activities, however many of them do not include easily measurable indicators, if any. The difficult access to information has also jeopardised the transparency of the results.

The government foresaw a 20% decrease in deforestation over three years, between 2004 and 2006, once the Plan was implemented. The decrease was much more than expected,<sup>5</sup> which surprised even some sectors of the government. The reduced surge of destruction of the Amazon forest has been the subject of several speeches delivered by President Lula, both at home and abroad. However, the government's euphoria suffered a drawback in late 2007, when preliminary data from INPE revealed the new deforestation surge between August and December. At the current pace, there is a high and concrete probability that deforestation will resume its growing trend in 2008, a year of elections. And that would not be just by chance.

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<sup>2</sup> "Pacto pela Valorização da Floresta e pelo Fim do Desmatamento na Floresta Amazônica" available at: <http://www.greenpeace.org/brasil/amazonia/noticias/pacto-nacional-prop-e-metas-an>

<sup>3</sup> "Faltou ação ao Plano de Ação", Greenpeace 2005, available at (in Portuguese): [http://www.greenpeace.org/raw/content/brasil/documentos/amazonia/greenpeacebr\\_050730\\_amazonia\\_documento\\_falta\\_acao\\_port\\_v1.pdf](http://www.greenpeace.org/raw/content/brasil/documentos/amazonia/greenpeacebr_050730_amazonia_documento_falta_acao_port_v1.pdf).

<sup>4</sup> Activities listed on the official document available on the Ministry of the Environment's website. Internal report on the Plan's outcome, distributed to the ministries, mentions 263 activities linked to 32 actions.

<sup>5</sup> The deforestation of the Legal Amazon Region has had growing annual rates since 2000, reaching almost 11,000 square miles by 2004. Only 30% of the deforestation occurring in this period was authorised. Over the three years that followed, the rates dropped, reaching 4,300 square miles in July 2007 – equivalent to half the state of Sergipe destroyed in just one year. The most alarming factor is that more than 90% of the cases of deforestation occurring between 2006 and 2007 were illegal – data obtained from the analysis of deforestation permits granted by IBAMA and local environment protection agencies of the Amazon Region states (except for Tocantins and Maranhão) in 2006.

Studies show that the increase in the prices of soya by-products and cow's meat in 2007 had a huge impact on these figures.<sup>6</sup> The scenario is further aggravated by the still unknown effects of the pressure for expansion of sugar cane plantations, to produce ethanol in the Southeast and Midwest regions, which may drive the replaced crops, such as soybeans and other grains, and cattle breeding, towards the Amazon Region where land is cheap and control is loose.

More than 60% of the activities foreseen in the government's Plan of Action did not happen as expected. Generally speaking, of the 32 strategic directions, 10 (31%) were completed or almost by 2007, 11 (34%) were partially completed and 11 (34%) were not completed or barely started. Of the 10 activities completed, only 3 (30%) were executed within the planned deadlines, which suggests that the government underestimated the efforts required for their completion.

The subgroup Territorial and Land Planning completed 50% of the goals, thanks to actions linked to the Ecologic-Economic Macro Zoning of the Amazon Region, the creation of Conservation Units (even though these were not actually implemented) and the development of land use change models. Of the remaining 50%, 25% were partially completed and 25% were not executed.

The subgroup Monitoring and Control completed 29% of the proposed goals, partially completed 42% and did not execute 29% of the actions listed. There have been point surveillance operations with questionable time-space results. The rate of effective indictment of offenders, for example, is low and only 3 - 5% of the fines are paid.

The subgroup Promotion of Sustainable Activities had the worst performance of all, having completed 24% of the actions foreseen, partially completed 35% and missed the remaining 41%. The non-accomplished actions were precisely those with a longer implementation period and offering alternatives to the destruction of the forest.

The low rate of execution of the actions foreseen in the Plan clearly reflects the lack of political and executive coordination by the Chief-of-Staff's cabinet, which prevented the integrated contribution of the participating ministries to the fight against deforestation or the inclusion of the subject in their individual working agendas.

The MDA/INCRA, for example, has taken the applicable measures, although not yet consolidated, to fight illegal land grabbing, but has made little progress concerning the update of the rural properties registry and has made mistakes concerning the land reform policy for the Amazon Region. Hundreds of settlements in the forest, counteracting the policy established by the Forest Protection Dept./ MMA, serve in reality as a support to the industry through illegal timber production, besides encouraging deforestation and the illegal trade of land plots, as shown in the Greenpeace report published in 2007.<sup>7</sup> Another example: the MAPA did not promote the enhanced agro-economic use of deforested land through recovery of pastures, promotion of permanent crops and adoption of conservation-oriented land use practices.

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<sup>6</sup> Historically, there is a strong statistical correlation between the decrease in deforestation rates and the consolidated drop in the prices of cow's meat and soya. See Reference 26.

<sup>7</sup> "Assentamentos de Papel, Madeira de Lei" – Greenpeace, August 2007, available at: [http://www.greenpeace.org/raw/content/brasil/documentos/amazonia/greenpeacebr\\_070821\\_amazonia\\_relatorio\\_assentamentos\\_incra\\_port\\_v2.pdf](http://www.greenpeace.org/raw/content/brasil/documentos/amazonia/greenpeacebr_070821_amazonia_relatorio_assentamentos_incra_port_v2.pdf).

## THE DUAL STANCE OF LULA'S GOVERNMENT

*"We cannot blame soy, beans, cattle, landless families; we cannot blame anyone before investigating the facts. Looking at the pictures, you just see an image. You don't see what happened..."*

President Luis Inácio Lula da Silva, on 30 January, 2008, during a lunch at the Ministry of Foreign Affairs.

*"I still do not believe in coincidences. These are very dynamic regions, economically speaking, where cattle breed and irregular logging take place. Nobody is raising generalised accusations, but we cannot deny that some people in these segments promote illegal practices."*

Marina Silva, Minister of the Environment (O Globo newspaper, 31 January, 2008).

*"There is no need to cut trees in the Amazon forest to increase the production of soy and meat. There is plenty of land available outside the Amazon Region. We are totally integrated around the deforestation program".*

Minister of Agriculture, Reinhold Stephanes, exempting soy plantations and cattle breeding of the blame for deforestation. (Portal G1, globo.com, 24 January, 2008)

*"When illegal logging happens, the area starts to suffer a process of deterioration. Subsequently, cattle breeding starts; then comes the soy crop. The people are not always the same. A series of illegal practices, even criminal offences take place and lead to devastation."*

Minister of Justice, Tarso Genro, scared by what he saw during a panoramic flight over Mato Grosso (O Globo, 31 January, 2008)

The official positioning on sustainable development and the traditional model adopted by the most relevant ministers clearly reveal the inherent contradiction of the government of President Lula. In the Growth Acceleration Program (PAC), launched by the government in early 2007, the actions foreseen for the Amazon Region are not in line with the region's sustainable development policy. Historically, the opening or paving of roads and major works have always encouraged migration and invasion of the Amazon forest. Examples are the hydroelectric plants of Jirau and Santo Antônio, on the Madeira River, in Rondônia – even though the power engines are foreseen to start operating only in 2012, the land rush and the use of regional resources have intensified simply upon the announcement of the works.

If the Chief-of-Staff Dilma Rousseff showed the same commitment as that made for the implementation of the PAC, the measures for prevention and control of deforestation would have been much more effective, and we would have seen a marked decrease in the felling of the forest.

The deforestation surge detected in the second half of 2007 caused the government to react, taking some measures so far not effectively implemented. A presidential Decree (6.321/2007) issued in December allowed to stop the concession of deforestation permits to 36 city areas, which account for 50% of the deforestation and established a procedure to update the properties registry at INCRA. The Decree also defines as a criminal offence against the environment the purchase or commercialisation of products derived from deforested areas under embargo. However, it does not explain how to enforce the new rules with the chronic lack of human resources at IBAMA, INCRA, the Federal Police and regional agencies.

The plan of President Lula's government to fight deforestation has many virtues, but it is crucial to establish concrete, clear and measurable goals for the annual reduction of the loss of forest cover. This would allow the government - at local, state and federal levels - to plan ahead in an integrated manner, and to evaluate its own performance, making timely adjustments.

The strengthening of the Monitoring and Control system – by IBAMA, Environmental State Agencies and the police authorities - is crucial to effective governance in the Amazon Region.

It is also necessary to change the financial incentives policy, historically driven towards predatory activities, such as cattle breeding and large-scale farming, and start investing in more robust economic mechanisms; the application of massive resources in forest management, reforestation and technology should be brought from paper to reality. Such mechanisms are described in the “Agreement on Acknowledging the Value of the Forest and Ending Amazon Deforestation” presented to the government in 2007 by Greenpeace and eight NGOs, which proposes to bring deforestation of the Amazon Region to zero in seven years, permanently consolidating the objectives of the PPCDAM.

If efforts to contain deforestation are to be effective, it is necessary, above all, to transform into law the provisional act on the Forest Code. This would consolidate, in the country's body of laws, the 80% reserve rule for the Amazon biome. It may seem obvious and redundant, but if the rules defining what should be used and what should be preserved remain in the form of a provisional act, no decisive victories will be achieved in the fight against deforestation.