



FOREIGN AFFAIRS

What Lula's Return Means for the Amazon

The Fate of the Brazilian Rainforest Has Global Implications

BY MATIAS SPEKTOR AND GUILHERME FASOLIN November 7, 2022

MATIAS SPEKTOR is Visiting Scholar at the Princeton Institute for International and Regional Studies and Professor at Fundação Getulio Vargas in Brazil.

GUILHERME FASOLIN is a Ph.D. student at Vanderbilt University.

Luiz Inácio Lula da Silva's triumph in the Brazilian presidential election marks a watershed moment in the global politics of climate change. Lula—as he is universally known—will replace outgoing president and climate change denier Jair Bolsonaro, who leaves a legacy of environmental destruction: deforestation in the Amazon increased by more than 50 percent during his four-year term. The Amazon, the world's largest rainforest, mitigates global warming by absorbing carbon dioxide from the atmosphere. Scientists warn that human-made deforestation at the current rate will push the entire biome over a tipping point, after which forested land will become savanna. Losing such a major carbon sink will have devastating consequences for biodiversity and human well-being in Brazil and far beyond.

Lula has campaigned on the promise to bring deforestation levels in the Amazon down to zero. The question is whether he can in fact deliver. Brazil has developed an addiction to deforestation. In order to break it, the incoming president will have to muster all the support he can find.

WHAT LULA IS UP AGAINST

Driving environmental decay in the Amazon is a loose but effective political coalition that includes cattle ranchers, commodity exporters, and mining companies. Together, these actors lobby members of the Brazilian congress to relax existing laws and regulations to protect the rainforest. They block pro-climate policies and apply pressure on state authorities to refrain from imposing fines and penalties for environmental crimes.

The coalition exerts influence by financing the campaigns of aspiring politicians and helping them get out the vote. This gives them leverage over all branches of the government. As a result, the Brazilian state has become less capable of enacting environmental protections. The Amazon deforestation coalition acts with impunity because the politicians it helps elect have its back.

The coalition also benefits from the indirect support of shadier actors. In the vast Amazon region, criminal rings smuggle goods such as drugs, timber, wild animals, and even human beings. They bribe and cajole state officials to ensure the rainforest is loosely policed. Because their illegal economic activities depend on building and accessing clandestine airstrips, waterways, and border crossings, they are incentivized to keep security forces out of the regions in which they operate.

During his tenure, Bolsonaro strengthened the hand of the deforestation coalition by issuing a string of executive decrees to undo rules and institutions protecting the rainforest. He also slashed budgetary allocations for environmental protection agencies, a move that succeeded in dismantling much of the capacity of the Brazilian state. Internationally, Bolsonaro disengaged from multilateral climate negotiations in which Brazil had for decades led the developing world. He also disbanded the governing body of the Amazon Fund, an organization that allowed foreign countries to provide resources to help bankroll pro-climate policies.

Unsurprisingly, lawlessness in the Amazon spiked on Bolsonaro's watch. This violence was not limited to the assassinations of vocal climate activists. Between 2018 and 2020, murder rates increased nine percent in rural areas and 13.8 percent in small towns across the Amazon, whereas violent deaths in the rest of Brazil fell. Violent crime is particularly prominent in areas of the rainforest where deforestation abounds: municipalities where deforestation rates are high have a rate of violent death that is 48 percent higher than in areas where deforestation is low.

Lula will face stiff opposition in his efforts to end deforestation. An estimated 40 percent of the seats in the newly elected congress are held by politicians who represent interest groups that would suffer if truly effective protections were put in place. They will work hard to block climate bills and the allocation of funds to protect the Amazon. The administration's fiscal situation, furthermore, is dire. At a time when investment is needed to rebuild the state capacity for forest protection, public coffers in Brazil are running out of cash.

Lula will also be pushing his climate policies at a time when the global consumer economy demands more, rather than less, deforestation. Markets in Europe, the United States, and above all China sweep up Brazilian produce such as soy and beef from deforested areas, creating powerful incentives for cutting down trees and clearing the land by setting it on fire.

WHAT LULA CAN DO

Lula has a track record of beating back pro-deforestation forces. When he first served as president from 2003 to 2010, he did an excellent job of curbing carbon emissions from deforestation. He appointed the renowned environmentalist Marina Silva to coordinate a major effort at developing a pro-climate coalition. This group included responsible commodity producers, activists and social organizers, religious leaders, indigenous populations, and sympathetic prosecutors, judges, mayors, and governors.

Lula's policies expanded legally protected zones within the Amazon and made it costlier to break the law by strengthening police capacity. Lula also gave farmers cheap credit in exchange for forest protection. Brazil at the time also received over \$1 billion from Germany and Norway under the Amazon Fund to protect the forest. As a result, deforestation dropped 76 percent between 2005 and 2012.

But those reforms were short-lived because climate policy turned out to be deeply divisive within the Lula camp. In particular, Lula's decision to greenlight the building of the Belo Monte dam in 2010 on the Amazon River enraged environmentalists and indigenous rights groups. Although Lula insisted the dam would generate jobs in an impoverished part of the country, it displaced some 50,000 indigenous inhabitants and wreaked havoc on the region's flora and fauna. Lula also vetoed a clause in the then new national climate law that called for phasing out fossil fuels, no doubt mindful that the Brazilian oil and gas sectors were growing. The contradictions in government policy led prominent environmentalists in the administration to resign in protest. Within a couple of years, Amazon deforestation picked up again, a trend that accelerated massively under Bolsonaro.

As he commences another term in office, Lula will once again have to reconcile competing interests. Committed environmentalists will vie for influence alongside members of the deforestation coalition, which will oppose any costly transition to a low-carbon economy. Since cattle ranchers, miners, and commodity exporters account for the bulk of economic activity in the Amazon—a massive region that is home to some 30 million residents—they are bound to have leverage over the president. The risk is policy inaction that fails to curb the alarming rate of deforestation.

A particular point of tension within the administration will be diplomatic strategy. Some Lula advisers argue he should commit internationally to more ambitious carbon emission targets and cooperate with the United States and the European Union to lock in domestic climate reform. This would mean working alongside Washington and Brussels to create a regulated global carbon market, making it profitable for landowners all over the world to trade forest-preservation services.

Others in the Lula camp would rather avoid ambitious targets for carbon emissions and keep the United States and the European Union at a remove. They would prefer Brazil to extract more aid from wealthy countries before committing to curbing deforestation. One way to do this, they argue, would be through the revival of the Amazon Cooperation Treaty Organization, a 1995 diplomatic initiative led by Brazil to coordinate action on the rainforest with its South American neighbors. Another proposal is to build a diplomatic coalition with the Democratic Republic of the Congo and Indonesia—two other vastly forested countries—to secure concessions from advanced economies in the global North.

WHAT THE UNITED STATES CAN DO

U.S. President Joe Biden can play a pivotal role in helping Lula achieve his climate goals. First and foremost, Biden should engage Brazil and other countries in creating a regulated global carbon market, which will not come into existence without the leadership of the United States. Second, the United States should push the World Bank and the Inter-American Development Bank to help Brazil develop a workable strategy for compensating residents in the Amazon who stand to lose their means of subsistence if and when deforestation is rolled back.

Finally, Biden should take pains to not publicly “name and shame” Brazil over Amazon deforestation because the risk of fueling a nationalist backlash is real. Brazilians overwhelmingly believe that climate change is happening due to human activity, but according to a survey we conducted, they also believe that when it comes to protecting the Amazon rainforest, foreigners are not to be trusted. In fact, a staggering 95 percent of Brazilians believe foreign countries that criticize Brazil over management of the Amazon do so out of ulterior motives, such as exploiting the forest's riches for their own economic gain. This belief cuts across partisan and ideological lines. The White House should be sensitive to this dynamic if it wants to maximize the chances that Lula can prevail over the domestic interest groups that profit from the environmental devastation that imperils the planet.

