

100 days of Bolsonaro

Ending the EU's role in the assault on the Amazon



Illegal deforestation on indigenous land - Tenharim do Igarapé Preto, Amazonas, 2018

Photo: Ibama Flickr.com / CC

Endorsing NGOS



Fern, Europe / Brazil's Indigenous People Articulation (APIB), Brazil / Forest Peoples Programme, UK / Institute for Agriculture and Trade Policy (IATP), Europe / Both ENDS, the Netherlands / Act Alliance, Europe / Society for Threatened Peoples, Switzerland / PSEDA-ILIRIA, Albania / Estonian Forest Aid, Estonia / Arbeitsgemeinschaft Regenwald & Artenschutz (ARA), Germany / PowerShift e.V., Germany / Robin Wood, Germany / Forum Ökologie & Papier, Germany / Envol Vert, Europe / Sinergia Animal, Austria / Planète Amazone, France / Canopée, France / Forests of the World, Denmark / EcoNexus, UK / Alliance of Mother Nature's Guardians, international / Friends of the Earth Bosnia and Herzegovina, Bosnia and Herzegovina / Réseau Brésilien pour la Démocratie au Brésil (RED.Br), France / Friends of the Earth Finland, Finland / Comité de solidarité avec les Indiens des Amériques (CSIA-Nitassinan), France / Amazon Watch, USA / Coalition Carnival for Amazonia, Poland / Ecologistas en Acción, Spain.

A time to act

A new reality has unfolded in Brazil in the 100 days since Jair Bolsonaro became leader of the world's fourth largest democracy.

Incursions by armed invaders on Indigenous Peoples' lands have surged.

An assault on the country's environmental protections is underway.

And the country's extraordinarily powerful agribusiness lobby now has even more political clout.

In January 2019, deforestation in the Amazon reportedly rose by 54 per cent compared to the same period in 2018. The same month, Bolsonaro's provisional measure to put indigenous lands under the jurisdiction of the agriculture ministry paved the way for powerful cattle ranching and soy interests to accelerate their sweep through the world's largest tropical forest, as well as Brazil's other ecologically precious biomes. Their destruction has significant global ramifications, including acceleration of climate change...

The EU bears some measure of responsibility for this.

The EU and Brazil are deeply economically entwined. The EU is the second largest market for Brazil's soy and a significant importer of Brazilian beef.

These economic ties will be strengthened with the signing of the major free trade deal that the EU is negotiating with the Mercosur bloc, of which Brazil is the largest member.

Indigenous land rights protest in Brazil, February 2019

Photo: APIB Facebook

But rather than continuing to disregard the significant environmental and social costs of its trade with Brazil, the EU must take immediate specific steps to end its complicity in this growing calamity, including the following:

- The EU needs new laws to guarantee that neither products sold in the EU, nor the financial markets underpinning them, are destroying the planet's forests and driving land grabs and other human rights abuses.
- The Mercosur/EU negotiations for a Free Trade Agreement must be suspended until Brazil publicly renews its commitment to the Paris Climate Agreement. In addition, the trade deal's Sustainability Impact Assessment must be publicly released and its findings taken into account before negotiations continue. Finally, the deal must include binding, enforceable provisions to end deforestation, respect customary tenure rights, and implement the Paris Climate Agreement.
- The European Commission should specify how it plans to respond to the challenges presented by the Bolsonaro administration, including ensuring human rights are respected. The European External Action Service (EEAS) should strengthen the implementation of the EU Action Plan on Human Rights and Democracy and include more proactive consultation with Brazilian civil society organisations. The EU should also monitor and respond to human rights violations and strengthen human rights defenders' protection mechanisms. For those most at risk, including indigenous Peoples and environmental defenders, the EU should provide direct, urgent support where required, including through political representations.



The 'Trump of the Tropics' plays to his audience

When Jair Bolsonaro defied expectations to win Brazil's presidential election last October, there was a long trail of outlandish comments from his 27 years on the extremist fringes of Brazilian political life for the world's media to pick over.

These included incendiary statements against indigenous people, women, gay and black people, and quotes in favour of torture and Brazil's former dictatorship. His 'Trump of the Tropics' sobriquet therefore seemed apt.

Yet while both men assumed power on the back of populist anti-establishment rage, they operate in very different contexts. Trump has the backing of the Republican party, Bolsonaro had no such institutional support. Instead, his authority rests on a core constituency that threatens Brazil's rainforests, savannahs and Indigenous Peoples.

In 2017, agribusiness was responsible for 23 per cent of the country's Gross Domestic Product (GDP). It was this sector's support which helped propel Bolsonaro to the presidency, and which he is now dependent on – in the shape of the farm caucus – to push his agenda through a fractured Congress, Brazil's legislative body.

Their aim, overwhelmingly, is to strip back the – already deficient – environmental and human rights safeguards restraining cattle ranchers and soy producers (as well as logging and mining interests), sweeping through the Amazon, and Brazil's other ecologically precious areas.

But at what cost to Brazilian business?

Do consumers in other countries really want to buy goods which have driven land grabs or other human rights abuses in Brazil? Do they want to be complicit in the razing of tropical forests, which pumps huge amounts of greenhouse gases into the atmosphere and accelerates climate breakdown? The answer, surely, is no.

In which case, Brazil's international trading partners could start looking elsewhere for some of their key agricultural imports, thereby damaging Brazil's economy.

"For a country that has become an agricultural superpower, exporting massive amounts of soybeans and beef, the loss of even a small part of these markets translates to millions [of dollars]," as one commentator points out.

The European Union is the world's largest single market. It's Brazil's second largest trading partner. And it is currently in the throes of negotiating a comprehensive free trade deal with the Mercosur trading bloc, of which Brazil is the largest and most powerful member.

For these reasons alone, the EU is well placed to exert the kind of demand-side pressures that could act as a brake on Bolsonaro. The events which have unfolded at a dizzying pace in Brazil in the first months of his presidency demand nothing less.

The EU is currently in the throes of negotiating a comprehensive free trade deal with the Mercosur trading bloc, of which Brazil is the largest and most powerful member.

A new reality

Even before Bolsonaro assumed power, the Articulação dos Povos Indígenas do Brasil (APIB), which represents more than 300 Brazilian indigenous groups, reported an increase in violence and intimidation. In 2017 alone, there were 57 land and environmental defenders killed in Brazil, the highest number ever recorded in any country. Meanwhile, initial figures showed that in the three-month electoral season, deforestation rose almost 50 per cent in the Amazon, mostly as a result of converting forest to pasture.

And in the 100 days since Bolsonaro's inauguration on January 1, 2019, the dread many felt at the prospect of his victory, has proved to be justified.

On the first day of his presidency, Bolsonaro issued a provisional measure transferring responsibility for the "identification, delimitation, demarcation and registration of lands traditionally occupied by indigenous people" from Brazil's National Indian Foundation, FUNAI, to the Ministry of Agriculture: news which delighted his agribusiness backers.

Two days later, Bolsonaro approvingly tweeted a clip of one of his ministers saying that the United Nations Declaration on the Rights of Indigenous Peoples was "treasonous" and that many existing indigenous lands were based on fraudulent documents.

On January 14, Ricardo Salles, Brazil's new environment minister – who has called the debate around climate change "innocuous" and claimed that many environmental fines

are “ideological” – suspended agreements and partnerships between the Ministry of Environment (MMA) and civil society groups for 90 days in order to re-evaluate them. The local O Globo newspaper said this sounded “like a declaration of war on NGOs [non-governmental organisations] dedicated to conservation”.

On the same day, Salles told Latin America’s largest real-estate trade union, Secovi, that he wanted to make the environmental licensing requirements for new enterprises faster and less bureaucratic.

Then on January 16, Valdir Colatto, a man with a history, his critics say, of trying to criminalise Indigenous Peoples and anthropologists, was appointed as the new director of the Brazilian Forest Service (SFB).

The following month, the Agriculture Minister, Tereza Cristina, advocated new measures to enable growing commercial commodities production within indigenous lands (provided those living there agree). This is currently illegal under the 1988 Brazilian Constitution.

Still in February, the Minister of Health, Luiz Henrique Mandetta, declared that he wanted to regionalise

indigenous healthcare, leading to the dismantling of the Special Secretariat for Indigenous Health (SESAI), which was acquired by the Indigenous Peoples of Brazil in 2010 with great difficulty in order to effectively take into account their cultural, religious and specific needs.

And on March 4 – while Brazilians were swept up in the joys of carnival – Admiral Bento Albuquerque, the new Mines and Energy Minister, announced plans to allow mining on indigenous lands.

But it’s not just Brazil’s political landscape which is being refashioned under Bolsonaro.

Across the country, his presidency has unleashed a wave of land grabs and attacks on indigenous communities.

In February the NGO Repórter Brasil revealed that at least 14 protected indigenous territories were under attack from invaders.

Others reported “a new phase of occupation of Indigenous lands” and that “armed bands of land grabbers, known as *grileiros* [were] staging attacks on Indigenous communities”.

Deforestation Amazon

Photo: Riccardo Pravettoni





Mato Grosso region, Brazil

Photo: Icaro Cooke Vieira/CIFOR Flickr.com / CC

The Chamber of Indigenous Peoples and Traditional Communities of Brazil's Public Prosecutors Office sent an urgent [memo](#) to the justice minister warning of various communities who are in danger.

Against this disturbing backdrop, this briefing examines the economic and financial leverage the EU can use to protect peoples' rights, and Brazil's savannahs and rainforests, including the Amazon.

Mercosur: how far will the EU go to protect human rights and forests?

A major [Free Trade Agreement](#) (FTA) between the EU and Mercosur countries – Brazil, Argentina, Paraguay and Uruguay – has been in the pipeline for almost two decades.

The 38th round of negotiations took place in Buenos Aires in mid-March 2019, and various sources suggest a final deal could be near.

Yet if, as currently seems likely, this deal increases rather than diminishes the harm to the Mercosur nations' forests

and people – emboldening an unrestrained Bolsonaro to continue along his current path – then delaying the deal until the EU has a new trade policy with human rights and the environment at its heart, is the only option.

Intensifying fears

NGOs have long expressed [concerns](#) about the environmental and social impact of the increased trade that would flow from a deal between the EU and the Mercosur bloc. This disquiet is based on the [irrefutable body of evidence](#) showing the harm caused by the EU's imports of agricultural goods. Bolsonaro's election has intensified these fears.

Beef production is the biggest cause of global deforestation, and forests in Brazil – as well as in other Mercosur countries – have been destroyed on an epic scale to make way for cattle. In 2017, 74 per cent of [beef imports](#) into the EU came from Mercosur nations; and Brazil, where there are [more cattle than people](#), was the single biggest supplier, accounting for 42 per cent of [EU beef imports](#).

A 2013 study for the European Commission found that soy expansion was responsible for nearly half of the deforestation

embedded in products imported into the EU. Brazil is South America's largest soy producer, and – until recently – the EU was its biggest market.

Sustainability and human rights impacts

In April 2018, 24 national and international NGOs, wrote an open letter to the European Commission calling for the EU to prioritise human rights and sustainability over trade in the Mercosur negotiations, and highlighting its enduring failure to do so.

“As it stands today, the EU-Mercosur-FTA would hamper the Parties’ efforts to comply with the Paris Climate Agreement and the Sustainable Development Goals,” the letter said.

It called on the Commission to ensure that the deal’s sustainability and human rights impact assessments were conducted in a comprehensive and participatory way, and that their findings would be taken into account before negotiations concluded.

To date, the Sustainability Impact Assessment has been neither completed nor released: a telling reflection on the opaque way in which the negotiations have been conducted, and how little information has been made publicly available.

Recommendations

The Mercosur/EU negotiations for a Free Trade Agreement must be suspended until Brazil renews its commitment to the Paris Climate Agreement. In addition, the trade deal’s Sustainability Impact Assessment must be publicly released and its findings taken into account. Finally, the deal must include binding, enforceable provisions to end deforestation, respect customary tenure rights, and implement the Paris Climate Agreement.

The financial ties binding the EU and Brazil

From a business and investment perspective, the EU has potential leverage over Brazil on three fronts: trade, investment and financial assistance from banks and other financial institutions.

Trade: The EU is Brazil’s second biggest trading partner, accounting for 18.3 per cent of its trade, and providing a huge market for Brazilian agricultural exports, second in size only to China.



Photo: Lou Gold Flickr.com / CC

Soy products – a major cause of deforestation – have historically accounted for a third of Brazilian agricultural exports to the EU. But in the last year, EU farmers have switched to sourcing most of their animal feed from the United States, on cost grounds. It is unclear if this shift in the pattern of soy trade will be lasting or not.

Some individual EU-based companies are major players in the global trade of Brazilian agricultural products that have been linked to deforestation.

The total value of loans and underwriting services from EU-based banks to Brazilian agriculture business over 2011-14 was nearly a billion dollars.

Investment: When taken together, EU Member States are Brazil's largest source of foreign direct investment. EU based companies were the underlying owners of 56 per cent of the foreign holdings in Brazil in 2015, according to an assessment by the Brazilian central bank. The main EU investor countries were Belgium, Spain, France and the UK, with around 10 per cent of foreign direct investment going to the crop, livestock and mining sectors.

But the links between EU-based investors and allegations of environmental abuse aren't always indirect.

For example, Carrefour, the French retail giant, currently faces reputational risks as a result of the meat buying practices of its Brazilian subsidiary Atacadão SA/Carrefour Brasil, the country's largest supermarket group. Investigations by the consultancy Chain Reaction Research identified supply chain links between Carrefour Brasil and potentially suspect slaughter houses in the Amazon.

Finance: EU-based banks and financial institutions are believed to be a significant source of loans, help to raise capital from the financial markets and investment in shares for Brazilian companies. However, there is not enough publicly available information to easily identify or quantify these financial ties.

Fern's research has, however, revealed glimpses of how EU financial institutions provide support for controversial Brazilian firms. In 2015 Fern funded a report looking into financial database records of transactions between EU financial institutions and agriculture related companies in developing countries.

It found, for example, that EU banks and investment organisations had provided loans and/or underwriting services enabling two of Brazil's largest meatpacking companies, JBS and Minerva, to raise nearly US\$ 400 million in the period 2011-14. The total value of loans and underwriting services from EU-based banks to Brazilian agriculture business over that period was nearly a billion dollars. A more in-depth investigation would probably have shown up evidence of many more such deals.

Recommendations

The European Commission is currently considering stepping up action against deforestation. In this framework it must propose new laws that guarantee that neither products sold in the EU, nor the financial markets underpinning them, are destroying the planet's forests and driving land grabs and other human rights abuses.

As part of this body of regulation, the EU must make it mandatory for companies to be able to trace the source of the forest or agro-commodities they import, to the land where they were produced. This would help to ensure that the agricultural and forest commodities they trade are not cultivated on contested land, and their production has not been associated with human rights violations.

EU-Brazil relations: rhetoric and reality

Speaking at a conference on responsible supply chains in 2015, the EU Trade Commissioner, Cecilia Malmström said: "As the world's largest market of consumers of goods and services, our choices in the EU are affecting many hundreds of millions of people every day. We therefore have a responsibility to ensure that those choices do not undermine human rights, labour rights, the protection of the environment and economic opportunity."

On paper at least, the EU backs up this unambiguous commitment with various treaties and extraterritorial obligations.

The EU Action Plan on Human Rights and Democracy, for instance, says that "the EU will promote human rights in all areas of its external action without exception" – making specific references to trade and investment.

The [Treaties of the European Union](#), a set of international treaties between Member States setting out the EU's constitutional basis, contain similar assurances.

Article 11 of the Treaty of the Functioning of the European Union (TFEU) also [says](#) that “environmental protection requirements must be integrated into the definition and implementation of the Union's policies and activities, in particular with a view to promoting sustainable development.”

And – based on [Article 21 of the Treaty on European Union \(TEU\)](#) – an FTA negotiated by the EU shouldn't just list commitments to comply with environmental or social obligations, but outline concrete steps to implement them.

Yet in its current relations with Brazil, these commitments are essentially being ignored.



Sônia Guajajara
Photo: Andrew Aurélio P. de A. Costa /
Wikipedia CC

The EU has allowed [economic diplomacy](#), (increasing access to foreign markets to boost growth), to override [human rights diplomacy](#) (promoting human rights through trade and other foreign policy tools) and [climate diplomacy](#).

At the end of 2018, Sônia Guajajara, the celebrated indigenous' rights activist and leader of Articulação dos Povos Indígenas do Brasil ([APIB](#)), carried this message to Brussels.

In the clearest of terms, Guajajara told EU officials from the European External Action Service (EEAS) and the Directorate-General for Trade (DG Trade) that the EU must account for the impacts of its trade policies.

She said that it should [boycott](#) products from areas riven with conflict; that [ecocide](#) should be recognised as a crime against humanity; that Indigenous Peoples are the best guardians of the forests; that – in the present situation – promoting free trade in Brazil is incompatible with

promoting human rights; and that the EU should support the demarcation of Indigenous Peoples' land. (Most demarcated lands are in the Amazon, and almost no lands in Mato Grosso and Mato Grosso do Sul are demarcated, despite that being where most land conflicts are taking place and [where](#) soybean cultivation and cattle ranching is laying waste to forests.)

Sônia Guajajara : The EU should boycott products from areas riven with conflict ... in the present situation promoting free trade in Brazil is incompatible with promoting human rights... the EU should support the demarcation of Indigenous Peoples' land.

In response, officials told Guajajara that the Mercosur deal could deliver benefits for communities, citing the example of the [Andean Free Trade Agreement](#). They assured her that Mercosur is not just about reducing tariffs, but protecting human rights, and that the current deal is better than no deal. They also defended its draft sustainable development chapter – which, as it stands, is effectively meaningless.

Recommendations

The European Commission should specify how it plans to respond to the challenges presented by the Bolsonaro administration such as ensuring human rights are respected. The European External Action Service (EEAS) should strengthen the implementation of the EU Action Plan on Human Rights and Democracy and include more proactive consultation with Brazilian civil society organisations.

The EU should also monitor and respond to human rights violations and strengthen human rights defenders' protection mechanisms. For those most at risk, including Indigenous Peoples and environmental defenders, the EU should provide direct, urgent support where required, including through political representations.