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# Deforestation control in the Brazilian Amazon: A conservation struggle being lost as agreements and regulations are subverted and bypassed

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1 Deforestation control in the Brazilian Amazon: A conservation struggle being lost

2 as agreements and regulations are subverted and bypassed

3

# 4 Abstract

5 Despite efforts to reduce deforestation in the Brazilian Amazon, there has been an up-6 turn in clearing rates since 2012. These increases are in part due to failures in deforestation control. Soybean planters, cattle ranchers, and timber merchants find ways 7 to circumvent agreements and legislation. Here we explain some of the key problems 8 with the implementation of the principal agreements and Brazilian laws that should be 9 keeping clearing rates under control. To combat increased clearing in the Amazon, we 10 suggest an urgent need to strengthen Brazilian environmental agencies, improve 11 technologies used to monitor the effectiveness of clearing-reduction programs, better 12 integrate agrarian and environmental policies and integrate environmental enforcement 13 across federal, state and municipal governments, as well as improve transparency along 14 global supply chains and raise awareness among consumers to put market pressure on 15 producers to avoid new deforestation. 16

17

18 **Keywords:** Amazonian savannahs; Cerrado; timber; Soy Moratorium; ecosystem

- 19 services; beef agreement
- 20 21

22 Brazil has been considered to be a global example in terms of policies to reduce CO<sub>2</sub> emissions (Nepstad et al., 2014), being recognized for its programs, agreements and 23 public policies to solidly and consistently reduce deforestation, particularly in the 24 25 tropical forests of the Amazon region (Gibbs et al., 2015; Gibbs et al., 2016; Rausch and Gibbs, 2016; Barreto et al., 2017). Indeed, in order to avoid increased degradation of the 26 Amazon, non-governmental organizations (NGOs), civil society, private initiatives and 27 the Brazilian government have come together to create agreements that seek to reduce 28 29 'clearing', that is, deforestation and the removal of other types of native vegetation. These agreements include the "Terms of Adjustment of Conduct" for meatpacking 30 companies (Termo de Ajustamento de Conduta da carne, or TAC da carne, in 31 Portuguese) (see Gibbs et al., 2016; Barreto et al., 2017), the Soy Moratorium 32 (Moratório da Soja in Portuguese) (Gibbs et al., 2015; Rausch and Gibbs, 2016), and 33 federal legislation that has also been put in place to prohibit the commercialization of 34 35 timber from newly cleared areas (Brasil, 2008).

However, while Brazil's Amazon deforestation rates declined dramatically from 36 2004 to 2012, the agreements mentioned above were not the only factors acting to 37 reduce deforestation at the time (Fearnside, 2017a). Indeed, 70% of the "deforestation 38 slowdown" occurred between 2004 and 2007, during which time the exchange rate of 39 the US dollar against the Brazilian Real fell by more than half, in turn making soy and 40 beef exports less profitable (data in: Assunção, 2015). As such, the deforestation rate 41 declined in direct parallel with the price of these commodities, and lagged prices of soy 42 and beef explain over 75% of the deforestation in this period (Arima et al., 2014). From 43 44 2008 to 2012, deforestation continued to decline under various improved governance measures, including a 2008 policy change that denied access to the highly subsidized 45 financing from government banks for agriculture and ranching in properties with 46 pending environmental fines, improved satellite monitoring systems, and a "blacklist" 47 system to penalize municipalities (counties) with high illegal deforestation. Among the 48 measures in effect during this period were the 2006 Soy Moratorium and the 2009 beef 49

agreement (*TAC da Carne* in Portuguese) discussed in this paper. Arguably, since 2008
these two measures have been important barriers against deforestation for soy and
livestock (Gollnow and Lakes, 2014; Fearnside, 2017a), which are the main land uses in
cleared Amazon forest areas (Fearnside, 2005; Barona et al., 2010; Fearnside and
Figueiredo, 2016).

55 However, despite a 16% decrease in the rate of forest loss in the Brazilian Amazon between 2016 and 2017, the general trend since 2012 has been one of 56 increasing clearing rates (Fearnside, 2017a; INPE, 2018a). Indeed, between 2015 and 57 2016 there was an alarming 29% increase in the annual clearing rate in Brazil's Amazon 58 forest and even higher increases in the neighbouring Cerrado biome (Figure 1). In the 59 Cerrado, the clearing rate in 2015 was 11,795 km<sup>2</sup>, a rate 47% higher than that recorded 60 in Brazil's Amazon forest in the same year (INPE 2018a, 2018b). In 2015, Brazil 61 entered an economic crisis that led to GDP contraction and a tripling in unemployment 62 rates (Dobrovolski et al., 2018). 63

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# [Figure 1 here]

Increased clearing rates in the Amazon have triggered a clause in Norway's 67 68 agreement with Brazil, such that in June 2017 the Norwegian government halved its annual contribution to the Amazon Fund, which is used to fund actions to prevent, 69 monitor and combat deforestation in the Amazon (Crouzeilles et al., 2017). Norway has 70 71 further warned that funding may be completely withdrawn if the upward deforestation trend continues (Crouzeilles et al., 2017). The estimated rates for 2018 show a 72 deepening of the trend for increasing clearing rates (INPE, 2018a), and there are now a 73 74 number of reasons to expect this trend to continue and further deepen in the coming four years. On 1 January 2019, Brazil's new presidential administration came into power, 75 and since then a number of key changes have been made that will have major 76 implications for conservation in the Amazon (Fearnside, 2018a). These include the 77 78 transfer of the administration of indigenous lands from the Ministry of Justice to the Ministry of Agriculture, and the elimination of the climate sections of both the Ministry 79 of the Environment and the Ministry of Foreign Affairs (Artaxo, 2019). Beyond this, the 80 Bolsonaro administration has suggested that Brazil may leave the United Nations Paris 81 Agreement, in which the national commitment is to reduce greenhouse gas emissions by 82 43% by 2030, via both an end to illegal deforestation and commitments to reforestation 83 of large areas (Artaxo, 2019). The new president currently says that Brazil will remain 84 in the accord "for now" and only if several (unlikely) changes are made in the 85 agreement (Fearnside, 2019). 86

It is in this context of increasing clearing rates that we seek to understand the 87 limitations of three key environmental initiatives for deforestation control in Brazil: the 88 Soy Moratorium, TAC da Carne and logging legislation, and why they have not been 89 more effective in slowing clearing rates. Specifically, we will: 1) discuss the ways in 90 which soy planters, cattle ranchers and timber merchants subvert and bypass agreements 91 and legislation, circumventing surveillance and enforcement efforts; 2) discuss the 92 93 failures of the mechanisms currently employed to reduce the impact of soy, beef and timber in the Brazilian Amazon; and, 3) suggest how local, national and international 94 forces could be employed to combat these failures and help to once more slow clearing 95 96 rates in the region.

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[Figure 2 here]

### 100 The Soy Moratorium

Created in 2006, the Soy Moratorium was the first voluntary agreement between 101 civil society, industry and government with the aim of stopping the main soy traders 102 from purchasing soybeans produced in areas of the Amazon cleared after July 2006. The 103 base date was changed to July 2008 in the 2014 renewal to meet the criteria of the new 104 105 Brazilian forest code that was enacted in 2012. Under the new forest code, it was no longer possible to penalise those who had, before July 2008, deforested legal reserves 106 and the "areas of permanent protection" that each property is required to maintain along 107 watercourses and on steep hillsides (Gibbs et al., 2015; Rausch and Gibbs, 2016). The 108 Soy Moratorium had been renewed for limited periods since its creation, but in 2016 the 109 agreement was renewed indefinitely (Patiño, 2016). Following the original 2006 110 agreement and until 2014, the area planted with soybeans decreased in the Amazon 111 biome (Macedo et al., 2012; Gibbs et al., 2015; Rausch and Gibbs, 2016; Kastens et al. 112 2017; Gollnow et al., 2018). 113

While the Soy Moratorium has a role in preventing deforestation, it is also 114 subject to both "laundering" and "leakage" (Rausch and Gibbs, 2016; Macedo et al., 115 2012; Gollnow et al., 2018). Laundering occurs in this agreement when soy produced in 116 embargoed areas is commercialized as if it were produced in "regularized" areas or in 117 the names of "laranjas" (people whose names and identity documents serve as 'fronts' 118 for illegal activities) (Gibbs et al., 2015; Rausch and Gibbs, 2016). When this occurs, 119 the final purchaser may not know the true source of the soy purchased. Indeed, since 120 121 many producers own several farms, soybeans produced in an embargoed area can easily be traded as being from another farm with regularized status (Rausch and Gibbs, 2016). 122 Alternatively, the soy production from an embargoed area may be marketed together 123 124 with the production from a regularized area within the same property (Rausch and Gibbs, 2016). 125

Leakage from the Soy Moratorium occurs at two scales. Producers may plant 126 soy in regularized portions of their properties (usually pasture areas that were cleared 127 128 before 2008), but then deforest other areas in the same property to create replacement pastures for the displaced grazing activity (Rausch and Gibbs, 2016; Gollnow et al., 129 2018). However, this type of migration of deforestation to other areas also occurs across 130 broader spatial scales (Barona et al., 2010) and the extent of this impact would be hard 131 to exaggerate. In Mato Grosso, a state twice the size of the US state of California, vast 132 expanses where deforested areas were formerly used for cattle pasture are now fields of 133 soybeans (Arima et al., 2011). Cattle ranchers and soy planters are distinct social groups 134 and have different specialized skills. When land in an area becomes significantly more 135 valuable for soy than for pasture, there is a strong incentive for ranchers to sell their 136 land to soy planters and use the money to buy larger areas of cheap land elsewhere, 137 which they then clear for cattle pasture (Fearnside, 2017a). 138

A substantial impact of converting pasture to soy in both the Amazon and 139 Cerrado portions of the state of Mato Grosso has been the displacement of ranching to 140 other areas of forest in the Amazon, especially in the state of Pará, and this relationship 141 has been demonstrated statistically (Arima et al., 2011; Richards et al., 2014). 142 143 Furthermore, deforestation displacement for soy planting may be contributing to rapid clearing in the Cerrado biome (see Noojipady et al., 2017; Gollnow et al., 2018), as soy 144 planters can avoid the deforestation restrictions of the Soy Moratorium by establishing 145 their plantations in the Cerrado instead of the Amazon biome. While rates of clearing in 146 the Amazon forests were declining, without a corresponding moratorium the rates of 147 clearing in the Cerrado remained high in the years since the Soy Moratorium was 148 signed, especially in the region known as "MAPITOBA", an acronym representing the 149

states of Maranhão, Tocantins, Piauí and Bahia (Figure 3a). Approximately 40% of total 150 soy expansion in MAPITOBA between 2007 and 2013 occurred in areas of native 151 152 vegetation (Gibbs et al., 2015), which were legally and/or illegally cleared (IBAMA, 2018; Araújo et al., 2019). Across the whole of the Amazon and Cerrado biomes, data 153 are available at the municipal level on deforestation rates, numbers of cattle produced 154 155 and km<sup>2</sup> of soybeans planted (INPE, 2018a; INPE, 2018b; IBGE, 2019; Figure 3). These data show a general pattern of increases in area of soybean plantations in areas where 156 the number of cattle have remained constant or decreased (e.g. in municipalities of the 157 MAPITOBA region, particularly Formosa do Rio Preto and São Desidério in Bahia, and 158 Baixa Grande do Ribeiro in Piauí), and only small increases in the area planted with 159 soybeans in areas where the number of cattle have increased greatly (e.g. São Felix do 160 Xingu in the state of Pará, and Porto Velho in the state of Rondônia) (Figures 3b and 161 3c), which are usually the areas with the highest clearing rates (Figure 3a). However, 162 data are not available at a finer spatial scale across the whole region to make a direct 163 analysis of land conversion. 164

### [Figure 3 here]

Clearing is also now accelerating in non-forest ecosystems in the Amazon
biome, particularly across the Amazonian savannahs, with dramatic increases in two
large savannah complexes in the extreme north of the Amazon - the Cerrado of Amapá
and the Lavrados of Roraima (Figure 1) (Carvalho and Mustin, 2017; Hilário et al.,
2017; Mustin et al., 2017).

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## "Terms of Adjustment of Conduct" for meatpacking companies

The TAC da Carne (hereafter referred to as "TAC"), was signed in 2009 by 175 cattle producers, meatpackers and the federal government, aiming to block the 176 commercialization of cattle produced on land that was embargoed either due to illegal 177 178 clearing or because other legal requirements had not been met (Figure 2) (Gibbs et al., 2016; Barreto et al., 2017). Under the agreement, animals from properties in the 179 Amazon biome cleared after July 2008 (the base date of the new forest code) cannot be 180 sold for slaughter, thus generating losses. However, ranchers found ways to circumvent 181 the agreement either by selling cattle to meatpackers that were not yet signatories to the 182 TAC, by registering only the 'deforestation free' parts of their properties in the Rural 183 Environmental Register (Cadastro Ambiental Rural - CAR in Portuguese, see footnote 184 to Figure 2), or by "laundering" cattle raised and fattened on non-compliant properties 185 through compliant properties that serve as middle-men before sale to slaughterhouses 186 (Gibbs et al., 2016; Barreto et al., 2017; Klingler et al., 2018). Eight years after its 187 creation, sixty-three meatpackers (48%) active in the Amazon biome had joined the 188 TAC, and they together slaughter approximately 70% of the cattle produced in the 189 biome (Barreto et al., 2017). Meatpackers that are not signatories to the agreement avoid 190 costs of enforcement and monitoring, making net profits higher (Barreto et al., 2017). 191 Crucially, there is no real market pressure for non-signatory companies to join the TAC, 192 193 as many international markets for the meat produced in Brazil, including the increasingly important Chinese market, do not require any kind of monitoring and 194 enforcement of rules regarding the origin of cattle (Barreto et al., 2017). At the 195 beginning of 2018, the Federal Public Prosecutor (MPF - Ministério Público Federal in 196 Portuguese) released the results of the first audits of the TAC, however, there was no 197 punishment for the slaughterhouses that received cattle produced in illegal areas 198 199 (Mengardo, 2018). In other words, the efforts of the slaughterhouses that did not buy

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livestock from illegal areas were not recognized, which makes the TAC an even morefragile agreement for achieving zero deforestation.

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# 203 **Prohibition of timber sales from newly cleared areas**

Sale of timber and other forest products in Brazil is controlled by a series of 204 205 authorizations and documents under the responsibility of either federal or state 206 environmental agencies (Brasil, 2011a). This process takes place through computerized systems in which a 'Forest Origin Document' (Documento de Origem Florestal, or 207 DOF in Portuguese (MMA, 2006; Brasil, 2011b) is issued electronically to the timber 208 merchant and to companies that harvest timber after approval of a 'Sustainable Forest 209 Management Plan' (Plano de Manejo Florestal Sustentável, or PMFS in Portuguese) or 210 via an 'authorized deforestation' permit. The DOF is a compulsory license to control the 211 transport of native forest products and by-products, including charcoal (IBAMA, 2017). 212 However, there are at least three ways by which illegal timber merchants circumvent 213 this system. Firstly, dealers may purchase invoices and DOFs from places where the 214 government has authorized extraction, where permit holders often overestimate the 215 amount of timber extracted from the authorized management project in order to give the 216 appearance of legality to timber extracted from unauthorized areas (Greenpeace Brasil, 217 2015; Schmitt, 2015). Secondly, small fake timber merchants are created in the names 218 of "laranjas" (see description in section on the Soy Moratorium), simulating the 219 movement of timber products that, in reality, are transferred to large real timber 220 221 merchants in areas with a high potential for exploitation (Polícia Federal, 2017). Thirdly, volumes of timber species with high commercial value are overestimated in 222 logging licenses. This is shown by large systematic discrepancies between the volumes 223 224 of these species approved for extraction and the volumes that the RadamBrasil surveys (Projeto RadamBrasil, 1973-1983) indicate as present in the original forest at the 225 locations of the forest management projects (Brancalion et al., 2018). 226

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# 228 Needed improvements in control of deforestation and logging

# 229 **Deforestation**

To combat the subversion of deforestation-control agreements and legislation 230 there is an urgent need to support: (i) strengthening of federal, state and municipal 231 environmental agencies via employment of public servants and investment of resources 232 to improve implementation and enforcement of legislation and agreements; (ii) use of 233 technologies to monitor the efficiency of clearing-reduction programs such as electronic 234 cattle identification (e.g. tags and microchips), timber tracking along the production 235 chain and high-resolution real-time satellite imagery to monitor deforestation; (iii) 236 effective and correct implementation and control of the CAR to assist in the process of 237 environmental regularization of rural properties and land claims in order to permit 238 monitoring new deforestation and to avoid irregular occupation and land grabbing 239 (grilagem); (iv) integration of implementation, control and enforcement systems across 240 federal, state and municipal governments such that, for example, a producer with land 241 embargoed by the state or municipal-level agency in one state would not be able to sell 242 243 timber in another state, v) implementation of stricter laws to prevent illegal clearing of new areas in the Amazon and Cerrado, (vi) promotion of the integration of public 244 policies with private agreements, and (vii) increased transparency in global supply 245 chains, coupled with better labelling and consumer information. 246

In many cases, suitable technologies and systems already exist to better control
adherence to the terms of deforestation agreements and legislation, and what is lacking
is political will to make full use of these tools. For example, the Soy Moratorium must

now be properly implemented and monitored in non-forest ecosystems in the Amazon. 250 A zero-net deforestation agreement must also be put in place for the Cerrado, with the 251 252 expansion of soy production limited to agronomically suitable areas currently under pasture (Strassburg et al., 2017). In October 2017, as a promising first step, 23 major 253 international companies signed a letter of support for the "Cerrado Manifesto" - a 254 255 document that calls for companies that purchase soy and meat from the Cerrado to adopt effective policies and commitments to eliminate conversion of native vegetation, 256 dissociate their production chains from recently cleared areas, and develop incentives 257 and financial instruments to compensate producers who preserve areas of native 258 vegetation (Sustainable Brands, 2017). Market pressure must be kept up to ensure that 259 these promises are kept, and, crucially, effort is required to pre-empt potential leakage 260 and laundering in the design of any new agreement. Beyond this, it is crucial that 261 consumers be provided with clear, timely information regarding the origin of soy and 262 meat across the Cerrado and Amazon biomes. Initiatives such as the "Transparent 263 Supply Chains for Sustainable Economies" project (hereafter referred to as Trase.Earth) 264 must be supported, promoted and expanded to allow consumers to understand the trade 265 flows of commodities such as soy and beef, leading to whole supply chain transparency 266 and providing consumers with the power to make informed decisions about their 267 consumption and associated environmental impacts (Trase.Earth, 2019). Furthermore, 268 this type of initiative will also allow individual companies to assess the sustainability of 269 their production and allow governments and civil society as a whole to monitor and 270 evaluate progress towards sustainability commitments (Trase.Earth, 2019). 271

"Laundering" of cattle could be reduced by better monitoring and enforcement 272 of the CAR and by integrating it with the Animal Transit Permit (Guia de Trânsito 273 274 Animal, or GTA in Portuguese), which is a legally required hygiene check. GTAs can only be emitted to properties registered in the state-level sanitary control system 275 (Barreto et al., 2017). The GTA is obligatory for any means of transport, allowing for 276 the monitoring of the flow of animals to and from markets (Brasil, 2006). If connected 277 278 to the CAR, the GTA could also be used, much like the DOF for timber, to monitor compliance with environmental legislation and agreements. Specifically, the number of 279 head of cattle that leave one place and arrive at another throughout the entire cycle 280 (breeding, raising and fattening) would be registered by the GTA, making it difficult to 281 launder cattle from illegal ranches through those with authorizations in place. Of course, 282 measures are needed to prevent the GTA from being falsified, as occurs today with the 283 DOF. Effective implementation of the CAR is also needed for this mechanism to work, 284 and completing the CAR has been postponed four times since it was created by the new 285 forestry code in 2012. These postponements have been due to pressure from 286 agribusiness politicians ("ruralistas") who demanded more time to carry out the 287 environmental regularization of rural properties. The most recent deadline, which was 288 not met, was 31 December 2018 (Valor Econômico, 2018). 289

Finally, from the point of view of national and global societies, the Amazon 290 forest provides valuable ecosystem services in terms of maintaining biodiversity, 291 recycling water needed to maintain rainfall in the Amazon and in south-eastern and 292 293 central Brazil (as well as in neighbouring countries), and in avoiding global warming through its storage of carbon (Fearnside, 1997, 2008b). In this context, the Amazon has 294 a value for society that is much greater than the profits that a landholder can reap by 295 destroying the forest. However, and crucially, progress has been slow in converting this 296 value into payments for ecosystem services (hereafter referred to as PES) that would use 297 this value as an incentive to keep the forests standing. Complexities associated with 298 implementing PES include the tremendous impact that the various ways that ecosystem 299

services can be calculated have on the resulting values (e.g., Fearnside, 2012a, 2018c), 300 and the ways that payments are made need careful regulation to both achieve the 301 environmental objectives and avoid negative social side effects (e.g., Fearnside et al., 302 2018). PES in Amazonia is of a variety of types, all of which involve controversies 303 (Fearnside, 2012b). PES projects and plans range from voluntary market projects in 304 305 indigenous lands (e.g., Vitel et al., 2013) and conservation units (e.g., Yanai et al., 2012) to state and national-level programs (e.g., MMA, 2016; Neves et al., 2013). Like 306 command-and-control, PES requires inspection and enforcement mechanisms to 307 function in practice. Ecosystem services have high potential for maintaining traditional 308 Amazonian populations and the forests they inhabit, but currently these services have 309 much less potential to compete with highly profitable destructive activities such as 310 conversion of forest to soybeans. However, this can and should change in the future if 311 the provision of ecosystem services becomes more highly valued in Brazil. 312

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# 314 Logging

Logging, whether legal or illegal, is a major factor in Amazon forest degradation 315 and loss. Areas logged each year are much larger than those that are currently 316 deforested, and, in contrast to deforestation, annual logging rates have remained 317 relatively stable over time. Biomass loss and carbon emissions from logging are 318 substantial, with annual carbon emissions estimated to total between  $61 \times 10^6$ 319 (Fearnside, 2000) and  $80 \times 10^6$  tons (Asner et al., 2005). For comparison, the estimated 320 gross carbon emission from the "alteration of vegetation" (i.e., deforestation) in Brazil 321 in 2017 was  $117 \times 10^6$  tons (see SEEG, 2019). Logging also causes massive additional 322 emissions by increasing the risk and severity of forest fires, which are an increasingly 323 324 pervasive threat to the forest (Nepstad et al., 1999), and favours deforestation by expanding "endogenous" roads and providing money to pay for forest clearing 325 (Fearnside, 2008a). 326

Legal logging for forest management is currently unsustainable for various 327 328 reasons. One is that the Sustainable Forest Management Plans are undermined by a series of regulatory loopholes that allow harvesting timber in an entire management area 329 in the first few years instead of following the sequence of annual harvests in one plot for 330 each year, such that the system will be sustained financially throughout the 30-year 331 cycle (Fearnside, 2018b). Expecting the landowner to wait without income for up to 29 332 years until the next cycle is a formula for deforestation of the management area, either 333 by the holder of the management license or by a future property owner. A more 334 fundamental underlying problem is the inherent contradiction between financial logic 335 and the biology of tree growth: destroying the forest and switching to alternative 336 investments can provide better returns than waiting for logged forest stands to recover 337 in a sustainable management system (Fearnside, 1989, 2003). This contradiction needs 338 be addressed based on the ecosystem services of managed forests. 339

Illegal logging is still rampant despite a substantial decrease in the last decade. 340 In Pará, for example, as a result of the migration of illegal logging activity to legally 341 authorized logging, the proportion of logging which was illegal fell from 97% between 342 343 2011 and 2012, to 44% between 2015-2016 (Cardoso and Souza Jr., 2017). However, Sustainable Forest Management Plans for legal logging can also facilitate illegal 344 logging by providing a means of "laundering" illegal timber. To better combat illegal 345 timber extraction, there are techniques capable of identifying forests that have 346 undergone selective logging (Souza and Barreto, 2000; Asner et al., 2005). These 347 techniques are less precise than those that detect deforestation, but they can be used to 348 identify locations where such illegal activities have occurred, and thus allow on-the-349

ground enforcement efforts to be directed to these places. This could be further 350 supported by the implementation of integrated authorization systems, such as the 351 National System for the Control of the Origin of Forest Products (Sistema Nacional de 352 Controle da Origem dos Produtos Florestais, or Sinaflor in Portuguese), which is in the 353 process of being implemented by the Brazilian Institute for the Environment and 354 355 Renewable Natural Resources (IBAMA) (IBAMA, 2017). These systems would allow for overlaying of spatial data on timber extraction with data on transport and property 356 locations, facilitating the identification of illegal activities. 357

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## 359 Legal and public policy challenges

Brazil's enforcement and legal systems provide multiple opportunities for 360 infractions of environmental laws to go undetected or unpunished. Authorities only 361 catch a small fraction of illegal actions, and if caught, the probability of the perpetrator 362 actually paying the resulting fine is also very low. For example, based on data from 363 assessments and fines applied by IBAMA between 2008 and 2013, Schmitt (2015) 364 found that 45% of deforestation in the Amazon is not detected in a timely fashion such 365 that action could be taken, and that in only 24% of the detected cases a fine is actually 366 levied. In addition, due to delays in fines, lack of technicians to handle fines and 367 numerous administrative problems, only between 0.2 and 5% of fines are paid (Schmitt, 368 2015; Odilla, 2019). This leads the government to lose billions of Brazilian reals 369 (Odilla, 2019) that could be applied to environmental conservation and restoration. It 370 also means that, from the point of view of illegal actors, the expected monetary value of 371 choosing the illegal course is very high. Brazil's legal system is both notoriously slow 372 and allows for a virtually endless succession of appeals, with the result that for 373 374 environmental infractions a violator with money for legal defence can avoid punishment almost indefinitely. Calculations of the economics of illegal activities in the Amazon 375 show that these activities are highly profitable, despite Brazil's Environmental Crimes 376 Law (Brito and Barreto, 2005; Cunha et al., 2014; Schmitt, 2015). 377

378 The relative ease with which landowners can obtain permission for "legal" deforestation also impedes efforts to reduce net deforestation to zero. In 2012, the new 379 Forest Code came into effect and both significantly reduced the proportion of private 380 properties required to be preserved as "permanent preservation areas" (e.g., Roriz et al., 381 2017), and changed the proportional area requirements for "legal reserves". In the 382 Amazon in particular, requirements for legal reserves are implemented in an unequal 383 manner. The Forest Code requires properties within the Legal Amazon must maintain 384 80% of the area of the property as legal reserves (Overbeck et al., 2015), unless the 385 property falls within areas of Amazonian savannah, which the MMA erroneously 386 categorises as belonging to the Cerrado biome. Properties in areas of Amazonian 387 savanna are then only required to maintain 35% of the property within legal reserves 388 (Overbeck et al., 2015), following the requirements for properties in the Cerrado biome. 389 However, the agribusiness politicians (ruralistas) have been able to further reduce the 390 area requirements in the Amazonian forests to 50% when the state already conserves 391 more than 65% of its area through Protected Areas. This fact alone could lead Brazil to 392 393 lose 6.5-15.4 million hectares of private land to legal deforestation in the coming decades (Freitas et al., 2018). However, the situation may be worse still as these same 394 politicians, with the help and endorsement of the current government, are now trying to 395 get approval for a law that would completely revoke the obligation of private 396 397 landowners to preserve proportions of their properties in legal reserves (see Almeida et al., 2019). 398

Even the CAR, which has the potential to be an excellent tool for environmental 399 conservation, is being used to facilitate deforestation, as the CAR is accepted by 400 licensing authorities as proof that the owner of the property has the right to clear more 401 of the property if the registered areas of permanent protection and legal reserve do not 402 pass the proportional limits required. As such, the CAR is making it easier to obtain 403 404 clearing permits as it is based on unverified self-declared information, thus facilitating false claims. Permits are likely to become even more easily obtained under the new 405 presidential administration, since the new head of the federal environmental agency 406 (IBAMA) wants agriculture and ranching to be authorized automatically by merely 407 filling out an online form (Borges, 2018). Obtaining permission for legal logging in 408 forest management plans has also become progressively easier. Environmental impacts 409 of deforestation and logging, such as biodiversity loss and greenhouse gas emissions, do 410 not depend on whether or not these activities are legal. 411

The problems mentioned above are the tip of the iceberg in comparison with 412 those still to come in relation to the conservation of one of the most biodiverse regions 413 in the world. Brazil's new presidential administration, which took office on 1 January 414 2019, has a markedly anti-environmental stance both in rhetoric and practice. With Jair 415 Bolsonaro well ahead in polls for the October 2018 election, the Amazonian 416 deforestation rate increased by 48.8% in the last three months of the campaign as 417 compared to the same months in the previous year (Masionnave, 2018). In its first 418 months after taking office, the current Brazilian presidential administration has taken 419 420 measures that go against the world trend towards increased sustainability and conservation of ecosystems. Among the measures already taken by the current 421 administration is transferring the secretariats responsible for demarcation of indigenous 422 423 lands (from the National Indian Foundation - FUNAI), quilombos and for rural settlements (from the National Institute of Colonization and Agrarian Reform -424 INCRA) to parts of the government led by agribusiness politicians (Ministry of 425 Agriculture Livestock and Food Supply – MAPA and part of the Ministry of Women, 426 427 Family and Human Rights) (Abessa et al., 2019; Artaxo, 2019; Begotti and Peres, 2019; Giacomo, 2019). With this, the current government will be more easily able to control 428 demarcation of these traditional lands, which has long since been high on the wish list 429 of the *ruralistas*. Added to this, there is much pressure from the agribusiness lobby to 430 allow large-scale agriculture (mainly soybean plantations) and mining to be carried out 431 within Indigenous Lands (Gonzales, 2019), with negative implications for traditional 432 ways of life, indigenous rights and conservation. Beyond this, the administration of the 433 Ministry of the Environment has made threats to ICMBio and IBAMA officials, as well 434 as replacing technicians specialized in the environmental area with people with no 435 appropriate training or experience (Bourscheit, 2019). This has led to conflicts within 436 the Brazilian environmental agencies, as well as key decisions being made without 437 technical justification (Bourscheit, 2019). The current government has even acted 438 against the law when trying to impede inspection actions of IBAMA agents working to 439 monitor deforestation within Conservation Units in the Amazon (Maisonnave, 2019). 440 Furthermore, the administration has passed a decree that transfers the responsibility for 441 442 environmental licensing from IBAMA (the federal agency) to states and municipalities (Braganca, 2019), a move that, in practice, will weaken the licensing process and act as 443 a gateway to a law currently being processed by the congress that intends to change 444 Brazilian environmental licensing requirements (Abessa et al., 2019). The new 445 government has already stated more than once that it intends to open the Amazon to 446 mining (Fonseca and Spring, 2019; Sauer, 2019; Woodward, 2019), large-scale 447 agriculture (Kilvert, 2019; Sauer, 2019) and infrastructure (Woodward, 2019), measures 448

that are unprecedented in the history of world conservation and that present a real threat 449 to one of the world's most megadiverse regions. Global reactions to Brazil's new 450 direction on environmental issues has already begun. Recently a letter was signed by 451 609 European researchers and conservationists and 2 Brazilian Indigenous organisations 452 that together represent 300 Brazilian indigenous groups (Kehoe et al., 2019). In the 453 454 letter, the signatories request the European Union to ensure that Brazil protects indigenous and local communities, human rights and the environment, creating 455 environmental criteria for traded commodities (see Kehoe et al., 2019). 456

Deforestation control agreements and legislation are essential tools for 457 conservation of Brazil's sociobiodiversity, although they are not the only factors in 458 preventing forest loss and degradation. In order to combat the subversion of these 459 agreements, the legal structures, public policies and verification systems that underpin 460 them must be constantly upgraded to keep pace with the new ways that soy planters, 461 cattle ranchers and timber merchants will find to circumvent commodity agreements 462 and government regulations. Without this, clearing of all habitat types will continue 463 across Brazil's biomes, turning the country into an ever more fragmented patchwork of 464 soy plantations, cattle pastures and illegal deforestation. 465

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466

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Fig. 1. Map of Brazil showing the Amazon and Cerrado biomes, the major Amazonian
savannahs, and the Brazilian states in which they occur. The biome limits are based on
the Brazilian Institute of Geography and Statistics (IBGE) vegetation cover map (IBGE
2004).

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798 Fig. 2. The three key agreements for deforestation-control in the Brazilian Amazon 799 discussed in this paper ("Agreements" box), the ways in which these agreements are subverted and therefore undermined ("Subversions" box) and possible measures that 800 could be implemented to improve the functioning of these agreements to curb 801 deforestation rates ("Solutions" box). Coloured arrows trace from the agreements (Red 802 = Soy Moratorium, Blue = TAC da Carne, and brown = prohibition of 803 commercialization of illegal timber), to the subversions to the possible solutions. 804 \*CAR (Cadastro Ambiental Rural, or Rural Environmental Register) identifies all rural 805 properties and owners, including geographic coordinates and the identification of 806 preservation areas within the properties (Brasil, 2012). 807 808

**Fig 3.** Maps of (a) average annual clearing rates between 2006 and 2017 for Amazon

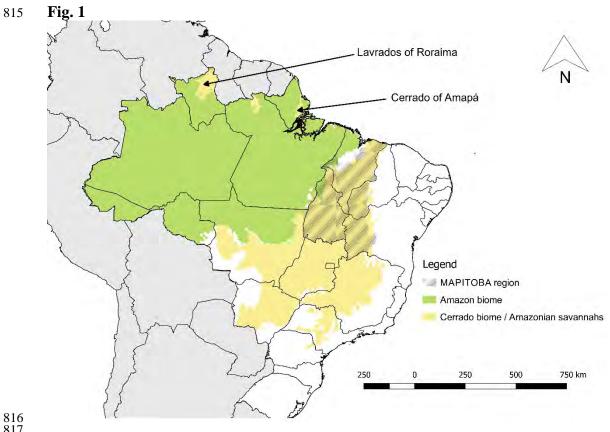
810 (INPE, 2018a) and Cerrado biome (INPE, 2018b), (b) average annual rate of change in

area planted with soybeans between 2006 (when the soy moratorium came into force)

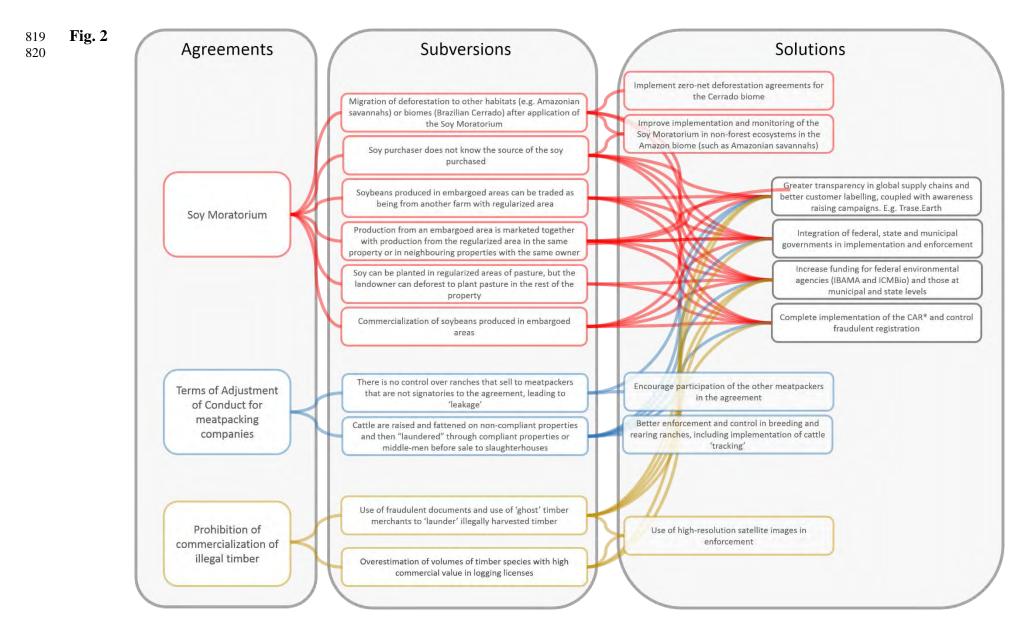
and 2017 (IBGE, 2019), and (c) average annual change in number of head of cattle

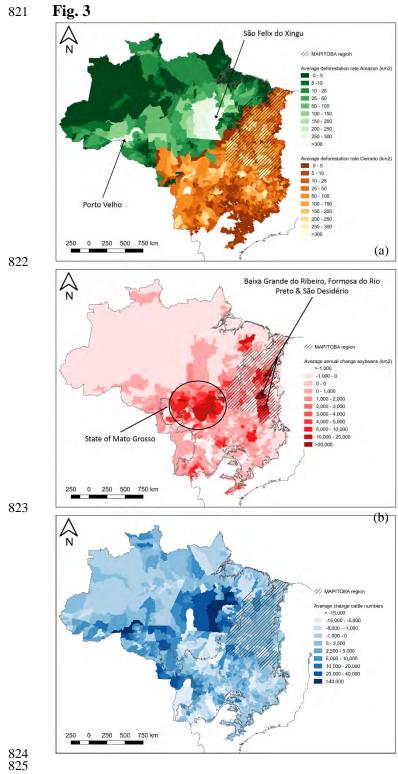
being grazed between 2009 (when the TAC came into force) and 2017 (IBGE, 2019),

814 per municipality in the Amazon and Cerrado biomes.



817 818





(b)

(c)