

## The final frontier

For Brazilians, land still has a mythical quality



If Brazil disappeared from the face of the earth, the rest of humanity would probably miss the Amazon rainforest most. It is one of the world's biggest reservoirs of carbon dioxide, the principal greenhouse gas, as well as a rain factory for all of South America and, possibly, a vital regulator of the world's weather. If Brazil's contribution to global warming came only from its fleet of vehicles and power plants, it would be a model environmental citizen, thanks to its use of renewable resources. But three-quarters of its carbon emissions come from the destruction of the Amazon, turning the country into one of the top ten polluters. Will Brazil save the world or destroy it?

That depends on how Brazil manages its 8.5m sq km (3.3m square miles) of territory. "Brazil is a sea of empty unoccupied land without need for irrigation," says Plinio Nastari of Datagro. There should be plenty of room for all the beef, sugar cane, soya, eucalyptus trees and other commodities that Brazil wants to produce. But Brazil sometimes feels like a continent-sized planning dispute. Every commodity seems to provoke a purpose-built protest movement. During President Bush's recent visit to Brazil he was treated to slogans against the sugar-cane "monoculture". Corporate landowners often find themselves embroiled in disputes with indigenous peoples or landless movements. In Brazil "everyone loves the land," says Carlos Aguiar, chief executive of Aracruz, a pulp and paper manufacturer that has been repeatedly invaded by both groups.

Brazil is still in the process of discovering itself. Agriculture, having conquered much of the savannah of the centre-west, is opening new fronts in the north-east. The old mining centre of Minas Gerais now has a rival in Carajás, in the Amazonian state of Pará. Industry, having converged on the city of São Paulo for much of the 20th century, has been dispersing for decades. Oil has come to the rescue in parts of declining Rio de Janeiro. Brazilians associate space with opportunity, which lures them to their frontiers.

This restlessness has devastated the Amazon. Since the 1960s, when military rulers promoted settlement to rid themselves of troublesome social groups and lay claim to a vulnerable part of

the country, about 18% of the forest has disappeared. Sometimes the cycle of destruction starts with illegal logging, which etches the first trails into the forest. Land grabbers often follow, or stake their claim to virgin forest by razing and burning the trees and turning the land into pasture. Then come the planters, who replace pasture with more profitable soya, driving the ranchers deeper into the forest. The pioneers outrace the state's capacity to enforce the law and to exercise its own property rights.



This may be changing. Deforestation has fallen by more than half over the past two years, to its lowest level since 1991 (see chart 7). Part of the explanation is the appreciation of the real, which has put off ranchers from opening new tracts of forest. But it helps that the state is beginning to make its presence felt. The government has created 40m hectares of conservation areas in the past four years, many of them across the arc of deforestation, a band along the southern and eastern fringes of the forest. A new law declares that no public forest can be privatised, which should discourage land-grabbers, and provides for concessions for "sustainable" logging and other tree-friendly uses. Federal police have arrested dozens of officials for trafficking in fraudulent logging licences. Consumer pressure, transmitted from rich countries to the Amazon via green NGOs, is beginning to have an effect. Last July processors announced a two-year moratorium on buying soya from deforested land.

#### Putting a price on a priceless asset

The government's goal, says the federal secretary of biodiversity, João Paulo Capobianco, is "zero illegal deforestation" (practically the only kind these days). Amazonian governors are more committed to this than ever before, he reckons, and now Brazil wants the rest of the world's help.

This is new. Brazil has always resisted the idea of allowing outsiders any say in the fate of the Amazon. But last year it formally proposed an international fund to pay Brazil for the forest's environmental services to the planet. Under the scheme, Brazil would be compensated for reducing deforestation below a certain baseline according to the market value of the carbon sequestered in the intact forest. This would give it a value to compete with the profits to be gained from its destruction and finance the cost of proper policing. There are other possible methods, for example the use of carbon-credit markets. But Brazil's new willingness to put forest preservation on the market is "an extremely important step", says Paulo Moutinho of IPAM, a research institute.

With the revival of soya and the government's new "growth acceleration package", which proposes to pepper the Amazon with infrastructure, Brazil is about to put its new model to the test. More than two-thirds of Brazil's unexploited hydro-power potential is in the Amazon. The government is warring with environmentalists over proposed dams on the Madeira and Xingu rivers. The package calls for paving several Amazonian roads, traditionally the main vectors of destruction. If the state does not use them to police crime better, they will be a blessing to environmental criminals.

Brazil need not chop down the Amazon or destroy the remaining savannahs to expand its agriculture. Most of Brazil's farmland is pasture, running to some 175m hectares and occupied by around half a cow per hectare. Crops take up just 63m hectares. If ranching were made more intensive, crops could expand into empty pasture. Embrapa, the government's agricultural-research arm, is promoting integration of crops and cattle, which could multiply the density of the cattle population by five. "The big problem is to change the mentality of the rancher," says Embrapa's Eduardo Assad. Brazil may be huge, but it is not as inexhaustible as Brazilians think.

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