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An area of recently cut Amazon rainforest in northern Brazil. Daniel Beltrá / Greenpeace

**Analysis**

## **Business as Usual: A Resurgence of Deforestation in the Brazilian Amazon**

After years of positive signs, deforestation in Brazil's Amazon is on the rise, with a sharp increase in 2016. As powerful economic forces push for development, the government must take steps to protect the world's largest rain forest.

By [Philip Fearnside](#) • April 18, 2017

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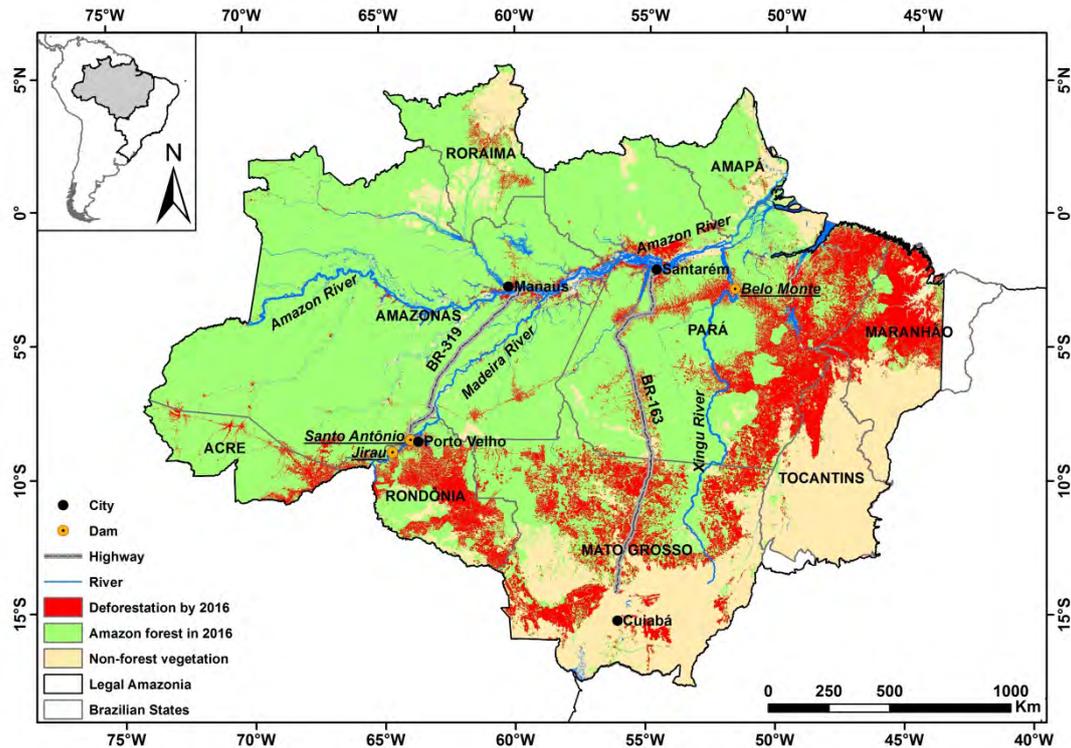
The Brazilian Amazon is the size of Western Europe, and in the 41 years I have lived in the region and worked on problems of deforestation, an area larger than France has been cleared. Over the decades, I have watched as economic cycles, swings in commodity prices, and land speculation have led to peaks and valleys in the clearing of the Amazon, with 1995 setting a record for destruction: 11,200 square miles — an area the size of Belgium — fell to loggers, cattle ranchers, and farmers.

When the annual deforestation rate in Brazil's Amazon plunged from nearly 11,000 square miles in 2004 to 1,700 square miles in 2012 — an 84 percent decline — I was of course relieved. But I had witnessed too much destruction in the Amazon to celebrate. Unfortunately, these widely publicized declines led not only to the impression among the international conservation community that Amazon deforestation was finally ebbing. It also led to a dangerous illusion taking hold in the capital of Brasília — the belief that deforestation was thoroughly under control, and thus the government could build roads, dams, and other infrastructure at will in Amazonia, without consequences for the world's largest rain forest.

Clearly, that turned out not to be the case. Deforestation has trended upwards since 2012, with a sharp 29 percent increase in the rate of clearing in 2016. Now, once again, powerful economic and development pressures are bearing down on the Brazilian Amazon, aggravated by a worrisome reality: the breathtaking rise in political power of the ruralists, a coalition of landowners, soy producers, and other economic players with a powerful interest in seeing that “development” and infrastructure projects push deeper into the Amazon.

As deforestation rates go up and down in Brazilian Amazonia, the fact is that the diverse economic and political forces steadily gnawing away at the rainforest do not change all that much. And they won't until the Brazilian government as a whole shows a real resolve to protect this vital region, which plays a major role in regulating the earth's climate. The current resurgence of deforestation is a reminder of this.

While control of deforestation today is undeniably better than it was in 2004, much of the deforestation decline from 2004 to 2012 can be explained by factors other than improved governance. The decline through 2007 — 70 percent of the total through 2012 — is virtually all due to market forces, primarily declining prices of export commodities such as soy and beef. This was exacerbated by an 80 percent rise in the value of the Brazilian real relative to the U.S. dollar, making exports less profitable for landowners whose expenses were in Brazilian currency, but whose returns from exports were in dollars.



In the Brazilian Amazon, an area the size of France has been lost to deforestation as of 2016. Philip Fearnside

Beginning in 2008, commodity prices recovered, yet deforestation continued to decline through 2012, indicating that something had changed. The most obvious change was the 2008 resolution of Brazil's Central Bank making credit for agriculture and ranching dependent on having no pending fines for illegal deforestation. Unlike the fines themselves, which can be appealed seemingly indefinitely and are often never paid, the ban on credit is immediate, cannot be appealed, and directly affects the largest and wealthiest actors in the deforestation process. The slowdown in deforestation was disproportionately a result of reduced clearing by large and medium landholders — who were facing tight credit from government banks — rather than small farmers.

So what lies behind the steady rise in deforestation since 2012? That year marked the enactment of a major weakening of Brazil's Forest Code, removing important restrictions on deforestation — particularly in Amazonia — and making it easier to obtain official permission to clear forests legally. And thanks to the growing and unprecedented political influence of the ruralist landowners, the code pardoned illegal clearing done up to 2008, creating the expectation of future “amnesties.” Soy prices also spiked in 2012, briefly reaching the level (corrected for inflation) they had attained in 2004 and spurring farmers to clear more land.

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The rise in deforestation over the last five years should not be a surprise, given that the underlying factors behind forest clearing continue to grow year by year. Every year there are more people in the Amazon region, more roads giving them access to the forest, more money pouring in for investment in agriculture and ranching, and more large projects such as hydroelectric dams. The areas around the dams on the Madeira River (Santo Antônio, whose reservoir was filled in 2011, and Jirau, filled in 2013) and on the Xingu River (Belo Monte, filled in 2015) have been major deforestation hotspots. So has the Santarém to Cuiabá highway, which is being rebuilt to transport [soybeans from Mato Grosso](#) to ports with access to the Amazon River.

Old [deforestation motives](#) continue, such as land speculation, money laundering and establishment of land tenure, either by obtaining legal title to the land, or occupying land and keeping it from being invaded or confiscated, with or without a legal title. These are in addition to the overt economy of selling agricultural products for profit. New international markets for Brazilian beef were opening during this period, with exports increasing steadily through 2016 before a meat inspection scandal led to trade bans (presumably temporary) on Brazilian meat in 2017. The advance of soybeans into former cattle pastures in Mato Grosso, including areas that were originally savannas rather than rainforest, has been inducing ranchers to sell their land and reinvest the proceeds in buying and clearing forest areas where land is cheap, deeper in the Amazon region.

Understanding the deforestation surge last year is important for anticipating what measures will be needed to restrain further forest clearing. An important factor in 2016 was the political uncertainty during and after the impeachment of President Dilma Rousseff, who was forced to step aside when her trial began in May 2016, culminating in her formal impeachment last August for manipulating the federal budget to hide the country's economic woes. This upheaval opened the door for the rapid advancement of [legislative initiatives](#) to remove environmental restrictions, a trend that has continued following the formal transfer of presidential powers to Brazil's current leader, Michel Temer.

'Establishing protected areas is an urgent priority, and they must be created now before settlers and investors move into undisturbed regions.'

Although other economic factors may have added to the surge in deforestation, the magnitude of the increase suggests that it also had roots in the rapid growth in political power of the ruralists, which had begun well before the end of the Rousseff administration. The current Minister of Agriculture, [Blairo Maggi](#), is Brazil's largest soybean producer. In 2005, when he was governor of Mato Grosso, Greenpeace gave him the "[golden chainsaw](#)" award for being the person most responsible for Amazon deforestation.

The Minister of Justice, Osmar Serraglio — who controls the agency responsible for indigenous land — was the most powerful congressman behind a proposed constitutional amendment to strip the agency of authority to create indigenous areas, a

move widely viewed [as a setback to rainforest conservation efforts](#). Serraglio also has fought to strip the Ministry of Environment of the power to create nature reserves. The ruralist faction also heads both houses of the National Congress and leads the presidential administration's coalition in both chambers.

There is no single solution to the ongoing destruction of the Amazon rainforest. A range of measures is needed that fall into three categories: efforts to prevent deforestation; halting government actions that encourage deforestation; and offering alternatives to those who depend on agriculture for subsistence — a group that does not include agribusiness, ranchers, or “[grileiros](#)” (large illegal land grabbers). The value of the region's environmental services is a potential source of funds that I have been promoting for over three decades. These services include maintaining biodiversity, avoiding global warming, and recycling water that supplies rainfall not only to Amazonia, but also to São Paulo and the countries that neighbor Brazil. But [despite advances](#), this alternative to the present destructive economy has yet to take on the scale needed to change the course of development.

Establishing protected areas is an urgent priority, and they must be created now before settlers and investors move into undisturbed regions. But instead of creating reserves, the government and its ruralist allies are downsizing and revoking them. One example is in the state of Amazonas, where congressional representatives are currently working to [rescind parts of a mosaic of reserves](#) in the southern part of the state, which is one of the hotspots of deforestation.

The Ministry of Environment and other agencies need to be strengthened and given financial and political backing. Failure to do this is one of the reasons behind the current resurgence in forest clearing. The Ministry of Environment is always one of the last priorities when scarce budget resources are allocated. This has reduced inspections for illegal deforestation and impeded efforts to create and defend protected areas.

‘The Brazilian government subsidizes deforestation by providing low-interest loans for agriculture and establishing settlements.’

But the problem goes deeper. The response to bad news about deforestation is always to hand the problem to the environment ministry, while the rest of the government continues normally. Yet a host of government actions lead to more deforestation, and these actions need to be recognized and halted. The government subsidizes deforestation by providing low-interest loans for agriculture and ranching (and pardoning debts when problems arise); establishing settlements; exempting taxes on exports no matter how damaging; providing extension and research to expand soybeans, cattle pasture, and unsustainable forest “management;” and building and maintaining roads and other infrastructure to transport these products.

Opening roads inevitably sets in motion a chain of land invasion, land speculation, and deforestation that quickly escapes government control. An urgent example of this is the planned reopening of the abandoned [Manaus-Porto Velho highway](#), which, along with existing and planned roads linking to this highway, would open about half of what is left of Brazil's Amazon rainforest to the soy growers, ranchers, loggers, and others from the notorious “arc of deforestation” that stretches along the southern edge of the region.

The response to intensifying deforestation, therefore, must include foregoing some major infrastructure projects, which have a high potential for catalyzing more forest clearing. Unfortunately, restraining these development projects is not the current trend, which is marked by an explosion of legislative proposals to weaken or [abolish environmental licensing](#) for “strategic” infrastructure projects like roads and dams.

If the Brazilian government, aided by the international community, does not get serious about bringing the forces of destructive development under control, then, regardless of the swings in deforestation, this magnificent rainforest will — decade by decade — continue to disappear.

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**Philip Fearnside** is an ecologist at the National Institute for Research in Amazonia (INPA) in Brazil. He has lived and worked in the Brazilian Amazon for more than 30 years and is one of the foremost authorities on deforestation in the world’s largest tropical forest. [More about Philip Fearnside →](#)