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BRAZIL BALANCES AGRICULTURAL AND ENVIRONMENTAL PRIORITIES

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Under President Luiz Inácio Lula da Silva, Brazil has sought to be seen as a major international player—stressing its membership in the BRICS and its attempts to revive the Union of South American Nations (UNASUR), negotiate an end to Russia’s war on Ukraine, and secure a permanent seat on the UN Security Council.

It is not yet clear how far these initiatives will go in propelling Brazil into the first rank of nations. That said, there is one area in which Brazil is undeniably already a superpower: agriculture. Of course, Brazil has long been an exporter of commodities such as coffee and cacao, but the country is now also responsible for half of the global trade in soya, a leader in

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cattle raising and the production of corn, and increasingly, a major player in the production of wheat strains suited to tropical climates.

The dramatic rise of Brazil's agricultural sector has had major consequences for Brazil's economy and global food security. Today, agribusiness represents as much as 30% of GDP. It also has had an important impact on domestic politics and Brazil's foreign relations. Indeed, even though agricultural interests, particularly large-scale, export-oriented farmers, supported Jair Bolsonaro in the last election, Lula is finding that they are too big to ignore. That has raised difficult political questions, as he attempts to balance the sector's demands with his commitments to environmental conservation and Indigenous rights.

Farmers Strike Back

Lacking a congressional majority, Lula has to negotiate with opposition parties, including the influential "ruralista" lobby that speaks for the agro-industrial sector. At

the same time, he is promoting an ambitious conservation agenda, led by his environment minister, the internationally renowned Marina Silva, who held the same role the last time Lula was president. Lula has also established a Ministry of Indigenous Peoples. Both efforts are central to his international image.

Despite Lula's coalition-building, Brazilian lawmakers have repeatedly complicated his environmental agenda. Congress, for example, transferred management of the Rural Environmental Registry, which sets property boundaries and designates protected areas, from the Environment Ministry to the Ministry of Management and Innovation. Separately, lawmakers transferred responsibility for demarcating lands for Indigenous peoples from the Ministry of Indigenous Peoples to the Justice Ministry. Given other legislative priorities, such as a loosening spending caps that limit his social spending, Lula accepted these changes.

Conservative, pro-agriculture forces in Congress have also clashed with Lula over the Landless Rural Workers Movement (Movimento dos Trabalhadores Rurais Sem Terra, or MST), a group with a history of sponsoring farmland occupations. The MST enjoys significant support within Lula's Workers' Party. Rather than addressing the occupations, as the farm lobby would prefer, Lula ordered a survey of unproductive lands to identify alternative areas for settlement.

Agriculture issues have also complicated Lula's foreign policy agenda. Though the world depends upon Brazil's food exports, much of the attention to Brazil's farms and cattle ranches focuses on their environmental impacts. That was particularly true under Bolsonaro, who unapologetically presided over accelerated deforestation in the Amazon rainforest. Brazil is also under scrutiny over the "Cerrado," a vast savannah that extends from the Northeast to Southwest and is the site of significant agricultural expansion.

While Lula's agriculture minister, Carlos Favaro, has said that Brazil's grain production could expand by five percent per year without deforestation, that would seem impossible without further conversion of the "Cerrado" into farmland.

Europe Strikes Back

This tension between Lula's agricultural and the environmental priorities is perhaps most notable in the painful negotiations between the European Union and Mercosur over a long-stalled free trade agreement. The deal would dramatically expand access for Brazilian agricultural exports to a huge and wealthy market. Negotiations began decades ago and finally reached a tentative agreement in 2019. Under Bolsonaro, however, talks stalled, in part over EU concerns regarding Brazil's environmental policies. (Resistance among European farmers to increased competition from South America was also a factor.)



With Lula's return it appeared that forward movement was possible. After all, he radically altered Bolsonaro-era environmental policies and slowed deforestation. Lula, however, rejected an EU demand for a side letter to the EU-Mercosur agreement committing Mercosur members to comply with high environmental standards or face potential trade penalties. The impasse could delay an agreement for another two decades.

The EU has reasons to continue negotiating. The agreement would help the EU compete with the United States and China in South America, including in countries such as Argentina and Brazil that are rich in minerals needed for clean energy technologies. However, environmental issues loom large for European governments and consumers.

Something for Everybody

Reconciling the demands of agricultural producers and environmental defenders will remain a top concern for Brazil for the fore-

seeable future. Brazil's 2022 census showed that the fastest population growth is occurring in the center-west, increasing the political power of agro-industry. As global food demand increases, there will be increased incentives for Brazil to expand food production. At the same time, the intensifying impacts of climate change, such as droughts in South America, is intensifying global and regional concerns, and increasing pressure on Brazil to do a better job preserving the Amazon and "Cerrado." Meeting these agricultural and environmental objectives will not be easy, but if Brazil strikes the right balance, it could yield enormous economic and geostrategic gains.