



CADWALADER
CLIMATE
Connecting Climate Change and the Law

New Brazilian Administration Signals Environmental Policy Despite Public Unrest

January 10, 2023

Regulation



By **Duncan Grieve**

Special Counsel | White Collar Defense and Investigations

Luiz Inácio Lula da Silva assumed office on January 1 after being elected to a third term in a contentious and closely fought race. On his first day in office, Lula signed a package of executive orders, including seven that relate to environmental protection. Lula narrowly won the popular vote, receiving 50.90% over his rival, former president, Jair Bolsonaro. On January 8, large crowds of radicalized Bolsonaro supporters broke into the Brazilian Congress in Brasília and vandalized the legislative chambers, the Supreme Court and the Presidential Palace. The scenes were reminiscent of the January 6, 2021 riots at the U.S. Capitol Building in Washington D.C. These recent events in Brazil underscore some of the challenges Lula faces in implementing his ambitious climate agenda.

As we have [previously reported](#), Lula highlighted the restoration of environmental protections as a key priority for the new administration during his election campaign and post-election speech at COP27. During his inaugural speech, he promised to deliver zero deforestation in the Amazon and 100% renewable electricity.

On December 29, 2022, Lula appointed former environment minister and activist Marina Silva to lead his environment ministry. On January 4, 2023, Marina Silva announced significant changes to the structure of the Ministry of the Environment in a signal of future policy direction. The Ministry will now include a revived Secretariat for Climate Change, a newly-created Department for the Protection of Animal Rights, a Secretariat of Bioeconomy and an Extraordinary Secretariat for the Control of Deforestation. Federal agencies, including the Brazilian Forest Service and the National Water and Basic Sanitation Agency, return to being under Ministry control. Silva also announced the creation of a new National Climate Security Authority by March 2023, citing current levels of deforestation and the prior administration's defunding of federal environmental protection agencies. To oversee and support environmental policy, the administration plans to create a Climate Change Council, headed by Lula himself,

with the participation of all government ministries. In another important development, President Lula reinstated the governing body of the \$1.2 billion Amazon Fund after a three year period of inactivity, with the aim of protecting the world's largest rainforest. During the Bolsonaro administration, donors Germany and Norway suspended their transfers to the fund. The Fund, which was initially created in 2008, during Lula's second presidential term, supports numerous conservation projects in the Amazon.

Taking The Temperature: During her first term in office from 2003 to 2008, Marina Silva succeeded in reducing Amazonian deforestation but clashed with influential figures in the agribusiness sector and with Lula, which ultimately led to her resignation. She is seen as a deeply-committed environmentalist opposed to deforestation but has been criticized for inflexibility and inefficiency. She also inherits an environmental enforcement apparatus gutted by Bolsonaro's budget cuts. The reforms announced on January 4 are ambitious and, if realized, will position Brazil as a leader of global environmental policy largely aligned with recent agreements at COP27 and COP15. International investors have welcomed these reforms, and these investors will be crucial to the success of these efforts given that Lula's government is operating under severe budgetary constraints and with an unsupportive legislature. As we have [previously discussed](#), there are potentially significant long-term adverse effects on Brazil's economy as a result of Amazonian deforestation, and the protection of the Amazon, in turn, is [crucial](#) to efforts to address rising temperatures and deforestation on a global basis. As Lula stated at COP27, there "is no climate security for the world without a protected Amazon."