

Say's reading materials for Group B

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To stop the Amazon fires, rethink the development model

Sustainable land use is the best way to prevent deforestation

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A firefighter in Amazonas state, Brazil. Widespread fires have prompted a fierce debate about how best to manage the vast rainforest © EPA

The recent fires in the Amazon, the world's largest tropical forest, have sparked uproar. The fires, mostly generated by illegal activity, pose a threat to the most biodiverse area on earth, as do illegal gold mining, logging and wildlife trafficking.

Reversing this situation will require not only a zero-tolerance policy against all illegal activity in the Amazon, but also a new development model for a region that is more than half the size of continental US. Such a model cannot be imposed unilaterally, but rather must involve all local stakeholders.

For the Amazon is not simply a natural park, it is home to more than 20m Brazilians, traversing some of the country's poorest states. The forest is sometimes seen as hindrance to development, when it could become a lever for advancing their economy.

Right now, almost 45 per cent of the biome is set aside for conservation and indigenous reserves. That area nevertheless suffers from land-grabbing invasions: public areas are cleared to justify later applications for private title deeds.

The Brazil Coalition on Climate, Forests and Agriculture, which includes representatives of agribusiness, finance, scientists and environmental entities, has been developing proposals to serve as a compass for a new development model. Their goal is to bring regional activities up to 21st century models, evolving to what is called Amazon 4.0.

This includes developing the bio-economy so that it is part of the value chain for production of food, pharmaceuticals, nutraceuticals, cosmetics, fragrances, oils and enzymes, among others. For example, cultivation of the açai palm has evolved from small-scale management to large-scale agroforestry systems, whose net income can reach \$400 per hectare per year, outstripping the returns from grazing livestock on cleared land, which generates on average \$70ha per year. Another project, the Amazon Bank of Codes, aims to use blockchain technology to map the forest genomes for use in pharma and other industries to insure royalty payments.

We can also discourage deforestation by putting a monetary value on the Amazon's role as a sink for carbon emissions. If valued at \$5 per carbon ton, the Amazon rainforest today could represent a carbon stock of approximately \$750bn. If the global community wants to help keep this carbon stock on the ground, it should direct funds from carbon-offset programmes, such as the ambitious programme for airlines run by the International Civil Aviation Organization, to the Amazon.

A step in this direction was taken recently when Brazil's Congress approved a law to set parameters for payment of environmental services.

Smart Brazilian agribusiness players also know that their success depends on preserving the environment and having a green label for their products. Most already participate in the CAR registry of rural land, which is used to track and limit deforestation.

It is unfair to single out Brazil for criticism. It is one of the world's greenest countries: over 60 per cent of its territory is covered with natural vegetation, its agriculture grew based on productivity gains and technology rather than land expansion, and about 45 per cent of its energy comes from renewables, compared with a global average of 14 per cent. It also has one of the world's most stringent land usage regulations, known as the forest code. How many farmers around the world are required to leave aside 20-80 per cent (depending on the biome) of their native forest land?

Brazil can turn the tide now by fighting all illegal activity and promoting Amazon 4.0 initiatives that simultaneously boost the economy and improve the lives of people in the region. We in finance can contribute by helping the country become a leader in green finance, developing innovative solutions to fund green and sustainable ventures and monetise Brazil's valuable environmental assets.

The writer is head of UBS in Brazil