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# BRAZIL BALANCES AGRICULTURAL AND ENVIRONMENTAL PRIORITIES

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

Conservative, pro-agriculture forces in Congress have also clashed with Lula over the Landless Rural Workers Movement (Movimento dos Trabalhadores

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.