Summary
Brazil has scored the highest among the non-Organisation for Economic Cooperation and Development (OECD) G20 countries, thanks to its relatively lower levels of support to coal production, fossil fuel-based power, and fossil fuel use. It has also made some progress by reducing its SOE investments in fossil fuels by 23% relative to the 2014–2016 average. However, it lacks transparency and continues to heavily support oil and gas production.

BIGGEST RED FLAG → In further efforts to boost its oil and gas production since 2017, Brazil has cut taxes on production from non-state companies, pardoned tax debt, and opened up new lease auctions (Roth & Kuehne, 2019). For liquefied natural gas specifically, there is also a forthcoming bill (Lei do Gas) that would establish tax exemptions and low interest rates for investment on facilities and pipelines (Government of Brazil, 2020).

PROGRESS → Since 2012, there have been sustained decreases in consumer fuel tax reductions via the Program of Social Interaction

<table>
<thead>
<tr>
<th>Overall ranking and score (out of 8 countries)</th>
<th>1st</th>
<th>B</th>
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</thead>
<tbody>
<tr>
<td>1. Transparency</td>
<td>8th / Opaque</td>
<td></td>
</tr>
<tr>
<td>2. Pledges and commitments</td>
<td>2nd / Mediocre</td>
<td></td>
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<tr>
<td>3. Scale of support for coal exploration, production, processing, and transportation</td>
<td>1st / None identified</td>
<td></td>
</tr>
<tr>
<td>4. Scale of support for oil and gas exploration, production, refining, and transportation</td>
<td>4th / Medium</td>
<td></td>
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<tr>
<td>5. Scale of support for fossil fuel power</td>
<td>1st / Low</td>
<td></td>
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<tr>
<td>6. Scale of support for fossil fuel use</td>
<td>1st / Low</td>
<td></td>
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<tr>
<td>7. Progress in ending support for fossil fuels</td>
<td>1st / Mediocre</td>
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</tbody>
</table>

$27 billion total government support to fossil fuels, 2017–2019 average, USD
($1.8 billion direct transfers, $7 billion tax expenditure, $200 million public finance, $18 billion SOE investment)

$21 billion of support to oil and gas exploration, production, refining, and transportation

$2.1 billion of support to fossil fuel-based power

$3.9 billion of support to fuel use

23% decrease in SOE investment for fossil fuels relative to the 2014–2016 average

See Table 2 in the main report for score descriptions and their relationship to numerical scores. Estimates in the table are in USD ($) and are annual averages based on the following sources:
- For direct transfers and tax expenditure: OECD (2020) data, 2017–2019 averages
- For public finance: data collected from several Oil Change International (2020) sources, 2017–2018 averages
- For state-owned enterprise investment: capex data collected by Overseas Development Institute (2020) from annual reports, 2017–2019 averages
(Programas de Integração Social [PIS]) and Contribution for the Financing of Social Security (Contribuição para o Financiamento da Seguridade Social [COFINS]) (OECD, 2019; Roth & Kuehne, 2019).

UNACCOUNTED FOR PROGRESS → A USD 136 million (BRL 700 million) per year subsidy for mining brown coal in Santa Catarina and Rio Grande do Sul will be phased out by 2028 (Government of Brazil, 2013; Engie Brasil Energia S.A., 2019).

MAIN UNACCOUNTED FOR AND UNQUANTIFIED SUPPORT → Repetro, the customs regime for exports and imports related to the exploration and production of oil and gas, is not accounted for. Changes in the Cide-fuel tax exemptions for gasoline and diesel have fluctuated over the last two decades, but, overall, there is an estimated USD 14 billion in foregone revenue in 2018 relative to the rates in the early 2000s (Institute for Socio-Economic Studies, 2019; OECD, 2019).

COVID-19 GOVERNMENT SUPPORT → The Energy Policy Tracker identified COVID-related support for Brazil, but this support could not be quantified at the deadline for data collection for this scorecard (August 12, 2020) (International Institute for Sustainable Development et al., 2020).

TRANSPARENCY & PEER REVIEWS → Brazil has yet to commit to a peer review through the G20 process. There is also little transparency on the extent of Cide-fuel and other tax exemptions.

References

https://www.energypolicytracker.org/region/g20/


