





COPS & LOGGERS: A police officer backs up environmental agents on a sting against illegal loggers (left). Hundreds of sawmills operate around the Amazon. Though there is legitimate logging in the region, mills like this (right), near Nova Esperança, routinely cut illegally felled trees into lumber. DEVELOPMENT: (Front page) Charred rainforest in an Indian reserve near Nova Esperança do Piriá, where environmental police raided illegal loggers and sawmills. After trees are taken, ranchers burn land for pasture and crops. REUTERS/RICARDO MORAES/NACHO DOCE

NOVA ESPERANÇA DO PIRIÁ, BRAZIL, JANUARY 16, 2014

lex Lacerda and Paulo Maués drive a silver pickup to an outdoor sawmill near the edge of the Amazon rainforest. Carrying 12-gauge shotguns, they step out and approach a shack, knock and enter cautiously. They are agents for Brazil's environmental police.

A stocky man identifies himself as João Pereira, owner. The agents ask him for two documents: an operating license for the sawmill and a certificate of origin for the lumber stacked outside. "I have the license," Pereira says. "My accountant has the other."

Wrong answer. The logs outside lack identification tags required on legally cut wood. And Pereira, like all sawmill owners, is required by law to keep permits on site.

"He's stalling," says Lacerda. "There's no reason not to have the paperwork – you're either operating legally or not."

Pereira's sawmill is one of hundreds like it on the contracting fringe of the world's largest rainforest. Unlicensed mills are part of a gray economy that has come to define development in the Amazon. The activity spans everything from precious hardwoods to illegally extracted minerals to the bare land left behind, itself a commodity for ranchers and squatters who speculate on its future value.

In late September, Reuters accompanied agents from the Brazilian Institute for the Environment and Renewable Natural Resources, or Ibama, for the start of a month-long sting against people felling the rainforest. Charged with enforcing the country's environmental laws, Ibama agents see firsthand the destruction. Many who live here consider the cutting a local right. Environmentalists and scientists, because the rainforest acts as a greenhousegas filter, say the activity cripples the fight against climate change.

During the operation, Ibama shut eight sawmills and leveled another nine, demolishing unlicensed facilities whose operators had skipped town – a common tactic when Ibama is nearby. The agents levied more than \$1.7 million in fines, seized machinery

Brazil let its guard down.
There is growing incentive to clear land, and the government isn't keeping up.

Paulo Barreto

Forestry engineer, Imazon

and confiscated roughly \$2 million worth of lumber. Most of that wood came from a nearby Indian reserve, a swath of virgin forest that, like much of Brazil's protected woodland, is increasingly besieged.

After a decade on the retreat, deforestation in the Amazon is on the rise again.

The people who profit from deforestation are emboldened by changing environmental legislation, government-sponsored Amazon infrastructure projects and high global prices for soy, beef and other products farmed on cleared woodland. And the methods that in recent years curbed the destruction, culminating in record-low deforestation in 2012, have lost some of their edge.

Now that satellites can detect large forest clearings, loggers cut smaller patches. Stricter licensing now organizes the market for legal lumber, but loggers and millers flout rules and forge permits. Ranchers, waiting for new forestry rules to be fully implemented, exploit the uncertainty to clear land.

GUARD DOWN

"Brazil let its guard down," says Paulo Barreto, a forestry engineer at Imazon, a research institute that studies deforestation from Belém, capital of the state where

Amazon deforestation

Extent of the Brazilian Amazon rainforest



Sources: Rodney Salomao (Imazon); Brazilian National Institute for Space Research

Ibama conducted the raids. "There is growing incentive to clear land, and the government isn't keeping up."

The result: a spike in deforestation. Using satellites, Brazil's space agency over the past year detected new clearings totaling 2,256 square miles (5843 square kilometers), up nearly 30 percent from 2012. That's more than seven times the area of New York City.

Brazilian officials, including President Dilma Rousseff, tout the success of policies that have reduced deforestation, even after the recent increase, to less than a fifth the area lost in 2004. Back then, woodland the size of Belgium fell. In September, Environment Minister Izabella Teixeira

flew to New York and accepted a United Nations award for "reversing deforestation."

The government and its allies say the deforestation spike suggests an equilibrium has been reached – a minimum level of destruction beyond which future progress comes slowly. "We must expect some annual fluctuations," says Tine Sundtoft, environment minister for Norway, which in

66 Everyone in the Amazon must understand there are real consequences for breaking the law.

Franciso Oliveira

Brazilian environment ministry

2008 pledged as much as \$1 billion to help Brazil fight deforestation through 2015.

Brazilian officials say continued progress depends on greater awareness, education and deterrence. "Society must change," says Francisco Oliveira, director of policies against deforestation at Brazil's environment ministry. "Everyone in the Amazon must understand there are real consequences for breaking the law."

To deliver the message, Brazil is redoubling law enforcement. That means a growing number of raids by Ibama.

The agency has been in flux since a 2011 law gave more environmental enforcement

Text continues on page 5

BRAZIL RAIDERS OF THE RAINFOREST



QUICK CUT: Using equipment costing as little as \$10,000, sawmills (top) can slice giant trees into boards in minutes. (Below left) Paulo Maués, agent with the environmental police, questions João Pereira, owner of a mill shut in the sting. (Below right) Illegal logging drives the economy of frontier towns like Nova Esperança do Piriá, where locals work as lumberjacks and in sawmills and use leftovers from the industry for their own ends. **REUTERS/NACHO DOCE/RICARDO MORAES**





to local authorities. Ibama closed most of the far-flung offices it once operated. Its 1200 agents increasingly focus on reconnaissance, intelligence and data analysis – efforts then used to deploy teams to flashpoints.

"We can't be everywhere," says Luciano Evaristo, Ibama's director of environmental protection. "We must be smarter and more agile to combat deforestation where it's most intense."

Their tally of fines and confiscations is on the rise. In the year from August 2012 through July 2013, Ibama levied fines of about \$830 million and seized almost 86,000 cubic meters of lumber in the Amazon. The year prior, the totals were \$700 million and 54,000 cubic meters of wood.

Leading the raids are officials like Lacerda and Maués. They are the top two Ibama inspectors in Pará, a state bigger than Texas and California combined. Known for lawless jungle outposts, Pará accounted for nearly half the past year's devastation.

At 4 a.m. on the first day of their mission, Maués is at a police station on the outskirts of Belém, briefing 16 Ibama agents and a team of 10 state police officers who will accompany them for added security. Until now, none but the senior agents know their destination – a five-hour drive east to one of the most unruly corners of Brazil.

Maués reminds them of dangers in an area rife with clashes between loggers, miners, Indian tribes and lawmen. In 2008, after receiving death threats over raids he was leading, Maués fled a field office Ibama operated nearby. Loggers soon burned it to the ground.

FRONTIER TOWN

The raids, more than six months in the planning, will center around Nova Esperança do Piriá, or New Hope on the Piriá, one of dozens of rivers that slice across Pará. Settled in the 1970s, Nova Esperança, population 20,000, is a frontier town with a ramshackle center and a



sparsely peopled bush beyond.

When satellites early last year showed increased clearings nearby, Ibama agents examined registries for licensed wood companies. Plainclothes inspectors scoured the region, and Ibama began to liaise with state police and Brazil's army.

In April, the army deployed a jungle unit to Nova Esperança for a brief "social and civic" mission, says Lt. Col. Jucenílio Evangelista da Silva, commander of the unit. As Army dentists, doctors and barbers pulled teeth and gave free checkups and trims, the troops reconnoitered.

Now, as Maués gives his pre-dawn briefing, 104 of Evangelista's troops are back, setting up a makeshift camp, kitchen and communications center. Local officials, grateful for the April visit, had given the

86,000

Cubic meters of illegally harvested wood seized in the Amazon last year

Source: Ibama

colonel permission to use an unfinished schoolhouse for "an operation."

Evangelista hadn't specified the target: the sawmills, the sole private industry in a town where 98 percent of the municipal budget is financed by federal revenue. "That needed to stay a surprise," he says.

There is space for legitimate logging in the Amazon. Eighty percent of the original rainforest still stands, covering a region the size of Western Europe. And know-how and legislation exist to foster a sustainable forestry industry. Legal concessions dictate what types of trees can be cut and how dense forest must remain around logging.

Ibama learned, however, that the wood passing through Nova Esperança was of species that remain only inside the Alto Guamá Indigenous Reserve, a 1,000-square-mile area that is home to the nearby Tembé tribe. The woods – species like jatobá, maçaranduba, and andiroba – are prized for flooring, furniture and construction. They can be legal if extracted from managed forests.

But the Tembé reserve is protected, one of the few patches of primary forest left in the eastern Amazon. Less than 100 miles south lie woods that are home to the Awá tribe, some of whom are among the last uncontacted Indians in Brazil.

"There's a mosaic of forest that must be preserved so that people, animals and plants don't get cornered into unsustainable areas," says Lacerda, a biologist by training.

Maués wraps up his briefing. The agents and officers pile into six silver pickups with king cabins. The sun rising, their convoy progresses from the crowded four-lane highway outside Belém, to potholed rural routes, to the red dirt road into Nova Esperança.

Around noon, they arrive, driving along dusty streets where shops sell chainsaws and logging equipment. One home nearby uses long, discarded sawblades for fence rails, teeth upward. The trucks turn onto a road at the far end of town. There, a string of seven sawmills has been carving up trees.

The agents descend and push open the gate to the first mill: the Maranata wood company. No one is inside its office. A desk and cabinets are empty. A long shelter where the sawing takes place is vacant. A toolshed is bare, and a fresh hole in the floor marks where a big machine has been yanked out.

"They knew we were coming," Maués says.

Outside, locals admit as much: Workers, seeing the army arrive, spent the night dismantling some of the mills and stashing lumber, machinery and documents in the woods.

The lumberjacks, the bottom rung of the industry, are hiding, too. Loggers make as little as \$15 per cubic meter of wood. But the lumber, when finished, sells for at least 30 times that, often multiples more.

Next door, at the Piriá wood company, a middle-aged couple have stuck around. Maués and Lacerda walk over, dwarfed by heaps of timber. The couple sit calmly.

PEREIRA'S MILL

Like the logs at João Pereira's sawmill, none of the trunks here have identity tags. And like Pereira, the owners say they possess the

Alto Guama reserve

- ☐ Indian land limit
- Indian dominance area
- o Indian villages



Source: National Foundation for the Indian (Funai)

required documents, but that their lawyer, based in Belém, currently has them.

"You better call him," Lacerda says.

The woman, Rosa Maria da Silva Santos, complies.

By now, scores of locals have gathered along the fence. Many scream at the agents. Some weep.

"This is how people eat around here," says Alves Borges de Nascimento, a 35-year-old millworker. "How come the government has resources to come shut us down, but not give us alternatives?"

That evening, soldiers ladle out beans and rice at the schoolhouse. Troops stand guard with machine guns outside.

Santos' lawyer and a timber consultant

Follow Reuters Special Reports on Twitter:

@SpecialReports

arrive. They have the operating license and documents for some of the wood. But it doesn't satisfy questions about all 840 cubic meters in her lumberyard.

The tags that were supposed to be on the trunks, says the consultant, "could have fallen off."

"That might happen on one or two of the logs," says Maués, "but not all."

The next morning, the agents head into the backwoods.

They drive through farms and past humpback cattle grazing on land cleared years ago. Some of it was once public, hence protected. But poor demarcation, forged deeds and lax enforcement mean squatter's rights prevail.

Although ranchers sometimes preserve woodland, many are now cutting as Brazil races to roll out a digitally mapped registry of its more than 5 million known farms. The registry will help track what's public, what's private and whether new clearings are legal, the government says. In the meantime, landowners are rushing to get ahead of the mapping, expected to take years.

By midday, the agents drive through the Tembé reserve.

Two years ago, a group of 35 Tembé confronted five lumberjacks felling reserve trees. The Tembé, wielding shotguns and machetes, forced them from their land and burned two logging tractors.

In November 2012, Ibama agents joined Valdecí Tembé, a tribe leader, to investigate another incursion. This time, the loggers formed an armed posse to confront them. The standoff ended peacefully, but Valdecí was so rattled that he darted into the jungle and wandered alone for days.

"They could have killed me," he says.

On this afternoon, the agents pull into João Pereira's lumberyard. The police frisk Pereira's workers and search the mill for weapons.

"You won't find any," says Pereira, 58. "I never got anywhere with a gun."

Lacerda orders him to summon the accountant with the documents for his 404



ROAD TO RICHES: Once jungle is cleared, logging paths are quickly turned into roads that are easy conduits for farms and other development.

REUTERS/NACHO DOCE

cubic meters of wood. Maués, meanwhile, authorizes a buyer with a waiting semitruck, loaded with \$7,000 worth of freshly sawn tauarí, to haul the boards to a warehouse. The buyer may spray the wood for fungi, Maués says, but he can't sell it until Ibama clears its origin.

On the drive back to camp, the agents come upon three workers erecting a saw-mill shed. They have already laid tracks for a cart that will ferry logs across the sawblades. These rudimentary sawmills can be built with equipment costing as little as \$10,000. There are hundreds in the Amazon and thousands across Brazil, Ibama agents say.

"Is there a license for this?" agent Gunther Barbosa asks the builders.

"I don't know," answers one, eyeing Barbosa's gun nervously.

"You tell whoever sent you to build this

that you are going to stop," Barbosa says. "If we come back and this is still standing, we are going to take chainsaws to it."

Over the next days and weeks, the agents begin demolishing sawmills with no permits, including the one being built near Pereira's. They fine Santos and her husband \$290,000 for faulty paperwork and possessing illegal wood. They fine Pereira \$149,000 for the same violations. They order both mills shut until the paperwork clears.

Some of the locals absent at the start of the sting emerge, including Dejair Nunes, owner of Maranata, the vacant sawmill from the first day. The agents find his equipment, seize it and fine him \$930,000 for no license and for storing illegal wood.

Sipping a Coke at his girlfriend's house, Nunes, 31, scoffs at the charges.

His disdain illustrates a handicap for

Ibama: It often can't collect on the fines. Many get appealed or outright ignored. Compared with the \$830 million in fines it levied in the Amazon, Ibama in 2012 reported fine revenues nationwide of only about \$34 million.

The agency can target the assets of those fined and block their credit, but many find ways to keep sawing. They use new names, move or just restart when Ibama leaves.

"What I do might be illegal," says Nunes, "but it's not immoral."

Edited by Michael Williams

FOR MORE INFORMATION

Paulo Prada

paulo.prada@thomsonreuters.com

Michael Williams, Global Enterprise Editor

michael.j.williams@thomsonreuters.com

© Thomson Reuters 2014. All rights reserved. 47001073 0310. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks and trademarks of Thomson reuters and its affiliated companies.

