

## Brazil Is Putting on Green Make-up, Says Greenpeace

Contributed by Newsroom  
Monday, 02 November 2009

The administration of Brazilian president Luiz Inácio Lula da Silva has extended tax breaks on energy-efficient home appliances for three extra months in a bid to boost consumption and consolidate a rebound in Latin America's largest economy. The announcement was made by Brazil's Finance Minister Guido Mantega and becomes effective this month of November.

The tax breaks on refrigerators, washing machines and other home appliances will cost the government 132.1 million reais (US\$ 75.7 million) in lost revenue but should keep prices low, helping demand from low-income consumers, Mantega added.

"This way people will buy more," he told a news conference in anticipation of the extension of the facilities. The measure will give bigger tax breaks to the most energy-efficient appliances, and the government may announce other incentives related to environmental issues, Mantega said.

Last April the IPI or Industrial Production Tax on refrigerators was cut from 15% to 5%; for washing machines from 20% to 10% and 4% to 2% for stoves. The benefits lasted six months to November and have now been extended to February and should be a great boost for end of the year sales.

However this time there's an energy efficiency scale, A to E with only the A classifying for the full tax cut, and decreasing as more energy is consumed. Those ranked with an E will have to pay the full original tax.

Part of the agreement also included manufacturers who anticipating a greater demand were committed to creating more jobs and hiring more people.

Some analysts say President Lula's Workers' Party is trying to show it also has green concerns after ex-Environment Minister Marina Silva entered the 2010 electoral race as the Green Party's presidential candidate.

The government is trying to put "green make-up" on the governing party's likely candidate Dilma Rousseff ahead of the United Nations Climate Change conference in Copenhagen at the end of the year, said João Talocchi, head of climate campaigning at Greenpeace Brazil in São Paulo.

Tax breaks to key automobile, home appliances and civil construction sectors were at the center of government measures to try to limit the impact of the global financial crisis in the economy. They helped Brazil emerge from a brief six-month recession in the second quarter, with 1.9%.

The increase in the supply of energy efficient home appliances could save up to 35 Giga watts annually, according to Mines and Energy minister Edison Lobão. He admitted that at the current rate of consumption Brazil will have to double its energy production from 110.000 MW to 220.000 MW by 2030, mostly generated by contaminating fossil fuels such as oil and coal.

"But the home appliances effort, even not much numerically, it nevertheless sets us on a course of action and awareness which means a radical change towards reducing contaminating gas emissions," said Lobão.

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