

Brazil's Emissions Market Is Open for Business

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Thursday, 09 December 2004

Brazil's Ministry of Development, Industry, and Foreign Trade (MDIC) and the Commodities and Futures Exchange (BM&F) launched the Brazilian Emissions Market (MBRE)

The accord, the first to be implanted in a developing country, will serve to negotiate carbon credits (rights to emit pollutant gases) that can arise from projects to reduce the emission of greenhouse gases.

The intention is to establish a transparent price-formation process that will both stimulate the development of projects that lead to reductions and inject competitiveness in the market.

The operations are expected to get underway at the end of the first half of 2005. The program was launched officially by Minister Luiz Fernando Furlan.

In the initial months, a bank of Projects to Reduce Greenhouse Gas Emissions will be developed, and a specific system to operationalize the carbon credits market will be implemented, as well as a program to provide preliminary training to multipliers on MBRE operations.

"The program on which we are focusing has enormous economic, social, and political significance for Brazil. We shall thus be making an important contribution to the planetary effort on behalf of the fight against global warming, and at the same time we shall be stimulating the appearance in Brazil of projects in the area of clean development mechanisms," observed the president of the BM&F, Manoel Cintra.

The acquisition of carbon credits is an option for the developed countries that signed the Kyoto Protocol, created in 1997, in which targets for the reduction of pollutant gas emissions were set.

These countries pledged to reduce their emissions by 5% from the levels in 1990. If they are unable to meet this target, they can purchase carbon credits from developing countries that employ the Clean Development Mechanism (CDM).

The CDM is an instrument also included in the Protocol, allowing industrial countries to discount from their targets the greenhouse gas reductions acquired from developing countries.

Agência Brasil
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