

# Brazil

## G20 coal subsidies



Brazil provides at least **R\$1,011 million** per year for coal-fired power production

### Coal and Brazil's economy

**US\$15,333**



GDP per capita, PPP  
(2016–2017 average)

**13,672**



2016 imports  
(kilotonne oil equivalent)

**0**



2016 exports  
(kilotonne oil equivalent)

**4%**



Share in power mix  
(by generation)

### Key findings

- Brazil provides significant government support for electricity generation from coal, amounting to R\$1,011 million (US\$281 million) per year (2016–2017 average).
- New coal mining rights are set to be auctioned in 2019, for new concessions in Rio Grande do Sul. Coal interests in the region have sought Chinese investment to support a new coal gasification centre, bolstered by state-level policy supporting this endeavour.

### Prominence of fossil fuels and subsidy phase-out commitments

- Coal plays a relatively minor role in Brazil's energy supply, accounting for 4% of Brazil's electricity mix as of 2016, with fossil fuels as a whole accounting for 17% (IEA, 2019).
- Brazil hosts approximately 3 gigawatt (GW) of coal-fired power-generating capacity, compared to nearly 150 GW of total installed electricity-generating capacity (Ministry of Energy and Mines, 2017).
- Previously, Brazil's government planned to increase coal power to 3.5 GW installed capacity by 2026; the orientation of the current government toward coal has not yet been made clear.
- As a member of the G20, Brazil has committed to the phase out of inefficient fossil fuel subsidies over the medium term, as agreed in 2009 (G20, 2009). As a signatory of the Convention on Biological Diversity (Aichi Target 3), it has committed to phasing out environmentally harmful subsidies, including those to fossil fuels, by 2020 (UN, 1992). But the government continues to provide significant support towards the production and consumption of all fossil fuels and fossil fuel-powered electricity (Bast et al., 2015).

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## Government support to coal production

- New coal mining rights are set to be auctioned in 2019, for new concessions in Rio Grande do Sul. Coal interests in the region have sought Chinese investment to support a new coal gasification centre (Reed and Fontana, 2018), bolstered by state-level policy supporting this endeavour (InvestRS, 2018).
- No financial government support to coal production was identified in our analysis.

## Government support to coal-fired power production

- In 2016, Banco Nacional de Desenvolvimento Econômico e Social (BNDES) – Brazil’s national development bank – announced that it would no longer finance coal-fired power plants (Teixeira, 2016).
- The vast majority of the fiscal support identified in this research is for coal-fired power production. This is made up of tax exemptions for coal used in electricity generation and through the Energy Development Fund amounting to R\$1,011 million (US\$281 million) per year (2016–2017 average).

## Government support to coal and coal-fired power consumption

- No government support was identified for coal or coal-fired power consumption.

## Government support to the transition away from coal and coal-fired power

- No support specifically designated to support the transition away from coal production and coal-fired power was identified.

### Brazil’s government support to coal and coal-fired power production and consumption

R\$ millions, 2016–2017 annual average

Instrument	Coal production <sup>i</sup>	Coal-fired power	Coal consumption <sup>ii</sup>	Transition support <sup>iii</sup>
<b>Fiscal support</b> (budgetary transfers and tax exemptions)	none identified	1,011	none identified	none identified
<b>Public finance</b>	none identified	none identified	none identified	none identified
<b>State-owned enterprise investment</b>	none identified	none identified	none identified	none identified

Note: for more detail and sources see the Brazil data sheet available at [odi.org/g20-coal-subsidies/brazil](http://odi.org/g20-coal-subsidies/brazil).

<sup>i</sup> This category includes support for coal exploration, mining, processing and transportation.

<sup>ii</sup> This category includes support for consumption of coal-fired power, and of coal other than for its use for coal-fired power generation (or for co-generation of power and heat).

<sup>iii</sup> This category includes support for closing down mining sites, and for workers and communities in their transition away from coal and coal-fired power.

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## References

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- UN – United Nations (1992) Convention on Biological Diversity. 1760 UNTS 20619, entered into force 29 December 1993 ([www.cbd.int/convention/text/default.shtml](http://www.cbd.int/convention/text/default.shtml))



**This country study is one in an 18-part series.** The country findings are collated in the summary report, which you can find at [odi.org/g20-coal-subsidies](https://odi.org/g20-coal-subsidies) along with full references, acknowledgements and further information about methodology and data sources.

Unreferenced information in this summary is from the analysis conducted for this report, available in the Brazil data sheet at [odi.org/g20-coal-subsidies/brazil](https://odi.org/g20-coal-subsidies/brazil).

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