

# Brazil's carbon credit project turns into profit source for illegal loggers

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ompanies around the world have poured hundreds of millions of dollars into conservation projects in Brazil designed to protect the Amazon rainforest in return for carbon credits offsetting their emissions.



Reuters found that many of those projects are profiting people and businesses fined by Brazilian authorities for destroying the rainforest.

Reporters analysed 36 conservation projects in the Brazilian Amazon offering voluntary carbon offsets on the global market's biggest registries. At least 24 of those involved landowners, developers or forestry firms that have been punished by Brazil's environmental agency Ibama for their roles in illegal deforestation.

The offences ranged from clearcutting the rainforest without authorisation to transporting felled trees without valid permits and entering false information in a government timber tracking system. Government officials and experts said these infractions reflected the range of roles in the illicit timber trade devouring the rainforest.

## C'Failure of idea'

In 20 of the conservation projects Ibama had fined key players for deforestation before they were listed with a carbon credit registry.

"It's a failure of the whole idea," said Raoni Rajao, who ran the Brazilian Environment Ministry's programme combating deforestation until December. By paying people with a track record of violating environmental law, he said, the carbon market may be funding groups engaged in illegal deforestation. "They might be reducing deforestation in one place, but increasing emissions somewhere else with those same resources," said Rajao.

Brazil levies fines to enforce laws putting strict limits on deforestation since 2008 in the Amazon, the world's largest rainforest, which has lost about a fifth of its original tree cover over the past half century.

Scientists warn further deforestation could release catastrophic quantities of planetwarming carbon dioxide. That has made the Amazon an important part of the voluntary carbon market.

In this market, projects that show they are reducing greenhouse emissions — for example, by avoiding deforestation in parts of the rainforest — can generate carbon credits, each one equivalent to a tonne of carbon dioxide saved. Polluters can then voluntarily buy the carbon credits to compensate for their own emissions.

The referees setting the standards in that global market are accrediting firms such as non-profit Verra, the world's largest carbon credit registry, and its Colombian rival Cercarbono. They run systems certifying whether a project is reducing emissions as promised.

Buyers of credits from the projects include multinationals such as U.S. planemaker Boeing, Spanish telecom Telefonica and Colombian oil producer Ecopetrol. Buyers typically rely on accrediting firms for quality control.

Boeing said it had acquired carbon offsets that met widely recognised sciencebased standards. Telefonica said it is part of a corporate working group that aims to strengthen the integrity of the voluntary carbon credit market. Ecopetrol declined to comment. Brazil's Environment Ministry, which oversees Ibama, said the agency's enforcement database offers a reliable public record of environmental infractions, which “can and should” be used to verify the effectiveness of conservation projects selling carbon credits.

Doctor turned logger

One of the biggest names in the Brazilian carbon credit market over the past five years was Ricardo Stoppe Junior. He was arrested in June 2024, as part of a federal police probe called “Operation Greenwashing,” accused of leading a vast illegal logging scheme.

Stoppe billed himself for years as the world's leading carbon credit entrepreneur —a Brazilian doctor who said he put aside saving lives to help save 10,000 sq km of the Amazon rainforest. Since 2020, he has sold an estimated \$15 million worth of credits, according to AlliedOffsets. Stoppe's success in the carbon market came despite public records showing Ibama fines against him and his partners since 2014 for deforestationrelated offenses.

A confidential 302page report documents how authorities concluded he used his carbon projects to fund a criminal scheme that bribed public officials to forge land titles and launder more than a million cubic meters of illegally felled rainforest timber.

A federal judge ordered the preventative arrest of Stoppe and four associates last year for their alleged roles in a criminal organisation responsible for illegal logging and land grabs. Lawyers disputed federal police accusations and denied wrongdoing by their clients. They have since been released to house arrest.

In his first interview after five months in jail, Stoppe denied taking part in a criminal venture. He attributed the allegations against him to failed oversight by business partners and bad faith by investigators.

President Luiz Inacio Lula da Silva is working to position Brazil as a global leader in “green” development, which will be in the spotlight when the country hosts the United Nations climate summit in November.

Seeking to meet its commitments under the 2016 Paris Agreement on climate change, Brazil passed a law last year to create a governmentregulated carbon market in the country, like

those in Europe, China and California. As it takes effect in coming years, the law will require Brazilian industry to reduce greenhouse emissions or pay to offset them in a regulated market, which will include conservation projects selling carbon credits.

The government is also encouraging carbon credit projects that actively restore damaged biomes rather than pay landowners for avoided deforestation.