



Permanent Mission of the Federative Republic of Brazil

Suggestions of updates, definitions and deletions from the Government of Brazil on document A/CN.9/1191/Rev.1

Page 9, Para. 30:

A bill aiming at establishing a regulated system based on a GHG emission trading system has been approved and published on December 11, 2024. Law 15.042/2024 creates the Brazilian Emissions Trading System ("Sistema Brasileiro de Comércio de Emissões - SBCE"). As of June 2025, it is still pending detailed regulation in order to be implemented, including the nomination of the national authority that will operationalize the ETS.

Page 11, Para. 37:

"When baseline-and-credit mechanisms are coupled with market-based mechanisms – such as cap-and-trade systems (e.g. Mexico, Quebec, China and the States participating in the Regional Greenhouse Gas Initiative in the United States) – the credits issued can be used as compliance instruments (similarly as emission allowances)."

This is also the case of the Brazilian SBCE, which, when operationalized, will consist of a cap-and-trade system coupled with a baseline-and-credit mechanism.

Page 13, Para. 40:

"In their response to the questionnaire, some States (e.g. Côte d'Ivoire, El Salvador and Peru) have indicated to be developing domestic legal frameworks to participate in ITMOs trading."

Brazil is also developing domestic legal frameworks to participate in ITMOs trading.

Page 14, Para. 45:

In Brazil, Law 15.042 (Article 2) sets out definitions for the following assets:

- **Certificate of Verified Reductions or Removals of Emissions:** fungible, tradable asset, representing the effective reduction of emissions or removal of GHG of 1 tCO₂e (one ton of carbon dioxide equivalent), following an accredited methodology and with registration carried out within the scope of the Brazilian System of Emission Trading (SBCE), under the terms of a specific act of the SBCE management body;

- **Brazilian Emissions Quota (CBE):** a fungible, tradable asset, representing the right to emit 1 tCO₂e (one ton of carbon dioxide equivalent), granted by the SBCE management body, free of charge or paid, to facilities or regulated sources;
- **Carbon credit:** a tradable, autonomous asset, with the legal nature of a revenue from property in the case of forest preservation or reforestation carbon credits – except those originating from jurisdictional programs, provided that all the limitations imposed on such programs by this Law are respected –, representing effective retention, reduction of emissions or removal, according to the criteria provided for under this Law, of 1 tCO₂e (one ton of carbon dioxide equivalent), obtained from GHG retention, reduction or removal projects or programs carried out by public or private entities, subject to national or international methodologies that adopt criteria and rules for measuring, reporting and verifying emissions, external to the SBCE.

Pages 16/17, Para. 53:

In Brazil, Law 15.042 partially regulates some elements of VCCs – the trading of VCCs on the financial and capital markets; taxation on these operations; matters related to ownership of the assets; and establishes safeguards to credits generated in areas belonging to, or under the custody of, indigenous peoples and traditional communities.

Page 24, Para. 76:

The reference to the bill still applies, but now the law has been enacted.

Page 25, Para. 81:

"Thus, because applying corresponding adjustments ensures that the same reduction or removal of amount of CO₂ equivalent has not been counted twice, i.e. for the calculation of two different GHG net emissions balances, buyers could express a preference for carbon credits that have been adjusted."

There seems to be a distortion in this assertion. Corresponding adjustments ensure that the same amount of CO₂ equivalent will not be counted twice towards transparency obligations of countries and companies in the international climate change frameworks of which they are parties. It has no effect on private-owned compliance balances, for instance. And it has absolutely no relation whatsoever with the legal and environmental integrity of the credit. In fact, encouraging the use of non-adjusted, high-integrity credits would be of the essence for developing countries to achieve higher ambition in their national climate targets, since requiring corresponding adjustment provides a negative incentive towards more ambitious Nationally Determined Contributions (NDCs).

Page 27, Para. 94:

Requests exclusion of reference to the Brazilian bill.