

Climate Governance and the Amazonian State Executive: the case of mining company Norsk Hydro in Pará

Carlos Eduardo Siqueira ^I
Edir Veiga ^{II}

Abstract: The climate regime is one of the governance instruments that seeks climate mitigation. In the Brazilian Amazon, the presence of big businesses contributes to the climate crisis. It is important to question what results this region receives from the tax breaks granted by the Brazilian state to multinational companies. The methodology focuses on a case study. The objective is to analyze the relationship between the Pará State Executive and the mining company Norsk Hydro in order to verify the results of tax incentives in view of the sustainability of development in the face of the axiom that the investment made by Transnational companies drives development from the periphery to the center of capital. It turns out that tax breaks rival the basic principles of climate mitigation, creating obstacles for the climate regime to take effect satisfactorily.

^I University of the Amazon, Belém, Pará, Brazil.

^{II} Federal University of Pará, Belém, Pará, Brazil.

Keywords: Amazon; Climate Regime; Transnational Companies; Government of Pará; Tax Incentives.

São Paulo. Vol. 28, 2025

Feature Topics: Amazon

DOI: <http://dx.doi.org/10.1590/1809-4422asoc01741vu28L2FT>



All the contents of this journal, except where otherwise noted, is licensed under a Creative Commons Attribution License.

1. INTRODUCTION

Climate change and its consequences are at the center of the global agenda and its historical repercussions are being felt across the planet, leaving millions of people, especially those living in peripheral countries, in a situation of profound vulnerability. Economy-society-nature relations need to be rethought, as the drastic changes to the natural environment guided by the logic of capitalism are unsustainable.

Faced with this climate crisis scenario, nation states have common but differentiated responsibilities within the Climate Convention and the decisions of the Conferences of the Parties (COPs). Principles, norms, rules and procedures guide each of the parties to the climate regime, which must internalize and produce public policies in order to reverse environmental degradation. Recognized by the Paris Agreement (2015), subnational governments can contribute to curbing the climate crisis.

The Conferences of the Parties and other spaces for discussion on the climate crisis have created opportunities for sub-national governments to act. Generally, Amazonian governments participate collectively, articulated in various interest groups, and thus seek to include their agendas in the debate in order to attract support and raise financial resources for the production of social and environmental policies.

Historically, sub-national actors have been important players in promoting trade beyond their borders. These external activities originated in the 16th/17th century, represented by cities and provinces (ARRIGHI, 1996). And since the end of the 20th century, these actors have expanded their activities into international arenas on various issues, including climate change (HOCKING, 2004; DUCHACEK, 1990; SOLDATOS, 1990).

Recognized as relevant by the Paris Agreement, and absorbed by the expansion of the international public sphere, Amazonian subnational governments have the opportunity, based on the environmental-climate agenda, to be participating and proactive subjects in international relations. At the domestic level, the participation of these actors can be seen in the internalization of the climate regime; at the international level, as an opportunity to capture income from participation in interest groups and thus circumvent the asymmetry of Brazilian federalism, which divides the revenue from national taxes unequally.

Thus, the aim of this article is to analyze the relationship between the Pará State Executive and the mining company *Norsk Hydro*, and is centered on the question of whether tax incentives designed for multinational companies are a vector that drives development and at the same time preserves the Amazonian environment.

The methodology is based on case studies and process tracing. It can be seen that the term climate change is not enough to understand the complexity of the phenomenon in question, since by generalizing the context, it is not possible to identify precisely the actors who produce climate change and its consequences. In this way, it is said that we are living in the Anthropocene, and not what objectively produces extreme events on the planet, thus generalizing. Hence there is the need to trace the trajectory of the phenomenon that produces climate change and its consequences, choosing a representative

unit of transnational companies in the Amazon, in the case study, the company *Norsk Hydro*, and its actions in the Amazon in the state of Pará.

Furthermore, the methodological design is based on the United Nations meetings on development: Stockholm 1972, and Rio-92: protocols and conventions signed by the Brazilian state: the Climate Convention (UNFCCC), the Kyoto Protocol and the Paris Agreement; the developments in the national territory centered on the policy and plan on climate change (law no. 12.187/2009); the Action Plan for the Prevention and Control of Deforestation in the Legal Amazon, re-established by decree 11.367/2023 (PPCDAm).

At the sub-national level, the methodology looks at laws similar to national institutions, such as the Plan for the Prevention, Control, and Alternatives to Deforestation in the State of Pará (PPCAD), decree 1.697/2009, replaced by the State Plan Amazônia Agora, decree 941/2020 (PEAA).

And finally, within the methodology, concurrent with the specific actions of the Brazilian state to mitigate climate change, the tax incentives given to transnational companies by the Superintendence for the Development of the Amazon (Law 12.995/2014, Decrees No. 4.212/2002, No. 6.810/2009); Law No. 87/1996 (the Kandir law), which exempts exports of primary and semi-finished products or services from the payment of the Tax on the Circulation of Goods and Services (ICMS), and the conclusive technical report of the State Audit Court/TCE which identified the loss of this tax; as well as resolutions numbers 014 and 020/2015 established by the government of Pará which created tax incentives for the company *Norsk Hydro*.

The text is divided into three parts. In the first, we take a conceptual and dialogical approach to the subject of governance and climate change. In the second, we focus on the participation of sub-national governments beyond the borders of the nation-state and, finally, we analyze the relationship between the state executive of Pará and the mining company *Norsk Hydro* and the tax incentives given to this Norwegian transnational in the context of the global climate crisis.

2. GOVERNANCE AND CLIMATE CHANGE, WHERE TO LAND?

The 1990s marked a break with the hegemony of the concept of governance, which had been restricted to World Bank analysis. The landmark of this new re-reading is the creation of the Commission on Global Governance by the United Nations (UN) in 1991, based on the idea that there is no alternative but to work together using collective power to create a better world. Thus, governance is the totality of the various ways in which individuals and public and private institutions manage their common problems. Governance refers not only to authorized and coercive formal institutions and regimes but also to informal agreements that serve the interests of individuals and institutions.

In the internal dimension, governance is more than government and implies a purpose as well as authority or formal police powers. In a domestic context, this reading is valid, because governance is government plus the additional mechanisms needed to ensure order and predictability in problem-solving. In many cases, networks of UN insti-

tutions and rules provide the appearance of effective governance, but these mechanisms do not produce the desired effects. International organizations sometimes function in the same way as governments, trying to exert control by enacting norms and laws (WEISS; THAKUR, 2010).

Smouts (2004) analyzes these divergent discourses on governance - that of the World Bank - which targets developing countries. For this institution, governance is “good management” and, as such, it points out that “good governance” has to do directly with the rule of law, good and transparent administration, and a political class that is accountable to the people. The other discourse is signaled by *Global Governance* magazine, which is based on the idea of governance without government. And finally, the third discourse of the Global Governance Commission, where governance corresponds to cooperation, the accommodation of diverse and conflicting interests, which involves the mobilization of formal and informal institutions. This last discourse, in his assessment, seems to be difficult to operationalize.

From a critical perspective, Smouts (2004) states that, above all, the relations of domination that permeate world reality should not be overlooked. From this point of view, it can be seen that not everyone who is part of global society participates in governance. Key players end up being poorly represented and are often not even considered in the decision-making process. In environmental matters - this happens when indigenous populations, river dwellers and family farmers are excluded and cannot have a say in their place and destiny. The solution would be to remake the global pact, in a *bottom-up* relationship, which is almost impossible given the asymmetry of power between social actors, transnational companies, and states.

Biermann *et al.* (2009), based on *Earth System Governance*, say that governance are formal and informal rules associated and integrated, which permeate rule-making systems and networks of actors at all levels of society, articulated around the precautionary principle aimed at environmental changes, in effect, the transformation of the earth system, in the context of sustainable development. And governance refers to less hierarchical, more decentralized forms of steering, open to self-organization and the inclusion of non-state actors in the decision-making process of policies that concern society.

In addition to this arrangement, there are other levels of government, such as sub-national governments, cities and regions seeking cooperation across national borders. And so, in the environmental field, building and strengthening climate governance is fundamental and necessary. In this way, states, sub-national governments and civil society actors must find the means to solve the climate crisis. This is a slow process that depends on cooperation and consensus between actors, especially those who concentrate decision-making power. Finally, in international relations, there is an increasing presence of these actors, sub-national governments and their leading roles.

3. INTERNATIONAL INSERTION OF SUBNATIONAL GOVERNMENTS

Two external events and a domestic political arrangement are fundamental references for understanding the international insertion of subnational governments. The end of the Cold War and globalization are the two events that set the tone for the modern insertion of these governments into international relations. The other event is Federalism, which, unlike centralized state arrangements, is permeable to the participation of regions. An appropriate understanding of federalism is that it is better able to deal with global and regional interdependence than centralized and authoritarian forms, and so the component parts of the federation cross borders into the international environment (DUCHACEK, 1990).

The fusion of external political events with domestic arrangements ended up making foreign policy control by the central governments of nation states more fluid. The end of the Cold War and the enlargement of the international system brought sub-national governments and non-state actors into play. In the last thirty years, the phenomenon of globalization has made the world more connected, with the development of transport, technological and communication advances bringing about major changes. In this context, at the end of the 20th century and with a glimpse of a multi-polar world, the prospects for the inclusion of regions in international relations will intensify.

Thus, since at the origins of the modern state the regions, cities and provinces already involved in commercial ventures energized historic capitalism, Genoa, Venice and the Dutch provinces were pioneers in the process of inserting sub-national governments into the international system (ARRIGHI, 1996; SOLDATOS, 1990). It is worth noting that sub-national governments were already implementing social policies under the federal system long before the modern state (DUCHACEK, 1990).

Thus, sub-national governments have come onto the foreign policy scene because of the crisis of representation and the questionable performance of nation states in foreign policy. This phenomenon will first be seen in countries with advanced capitalism and/or in countries that have not finished the process of nation-building, and the decentralization experienced in these countries has allowed regions and other units of the federation, such as municipalities, to participate in foreign policy (SOLDATOS, 1990).

On the other hand, and in contrast to state-centrism, the emergence of the phenomenon of paradiplomacy in international politics stems from complex interdependence, and thus “emphasizes the diminishing capacity of the state to act as a coherent entity whose collective interests can be represented and expressed by a central authority” (HOCKING, 2004, p. 82). In line with this understanding, the interest group - Governors for Climate and Forests (GCF) - claims that both states and the climate regime are failing to tackle climate change, which justifies their actions in foreign policy.

Western Europe and North America are central to understanding the insertion of regions into the international environment. Since 1882, Quebec in Canada has maintained representation on the Old Continent, which reaffirms that this phenomenon and its motives are not new, but that they have emerged driven by the phenomena already exposed and by the weaknesses of the nation-state on which, and from which, the ac-

tions of the new actors, sub-national governments in foreign policy, can be verified. This relativization of state power does not mean the total loss of control, but above all that the central state is no longer the exclusive holder of representation, which means that, in a globalized and multipolar world, non-central actors such as sub-national governments matter in the international arena (DUCHACEK, 1990; SOLDATOS, 1990).

Finally, following the studies of these authors, it is understood that the emergence of sub-national governments in foreign policy, based on their relative autonomy and their direct action with resources to support their participation, has gained in dynamics and breadth, while these actions are very similar to the foreign policy carried out by the nation state. Although the latter does not have the same scope to establish a pattern with repercussions in the international system.

Given the role of subnational governments in foreign policy, there is a variety of concepts for this phenomenon. Segmentation is the term used to classify the actions of sub-national governments beyond the domestic environment. The mobilization of the concept of segmentation helps to explain the phenomenon of paradiplomacy, a term pioneered by Soldatos to describe the role of subnational governments in international relations. But it is not the only study; other classifications can also be observed, such as: federative diplomacy, multi-layered diplomacy, segmentation of actors and multi-level governance, decentralized international cooperation (DUCHACEK, 1990; HOCKING, 2004; SOLDATOS, 1990). In short, the many voices in foreign policy are articulated at various levels, with different dimensions and characteristics, which in turn influence and generate results, where federated units actively participate in the formulation of foreign policy.

Thus, in studies of the phenomenon of the insertion of subnational governments, paradiplomacy can be understood as incursions carried out by federal units beyond the domestic borders of their respective countries, involving economic, social, cultural, political, and environmental issues that make up the insertion of subnational governments in foreign policy (KEATING, 2004).

On the other hand, Duchacek (1990) points out that the involvement of subnational governments in foreign policy must take into account the format, intensity, frequency and objective, assuming mainly economic aspects and to a lesser extent political factors. The climate regime is similar to these cooperative arrangements in that it allows subnational governments to participate in the decision-making process by considering them as non-party actors, and thus important for building and establishing global climate governance.

It is worth highlighting the experiences of sub-national governments in various parts of the world and on various global issues. In this study we present the sub-national government of Pará and its relationship with mining companies, and the dual challenge of environmental preservation in the face of predatory mining activity on the periphery of capital, in view of the neo-developmental model in which state and market operate in partnership.

4. THE PARA STATE EXECUTIVE AND THE TAX INCENTIVES GIVEN TO THE NORSK HYDRO MINING COMPANY

Neo-developmentalism is centered on values, ideas, institutions and economic policies on which peripheral and late capitalist countries seek to raise themselves to the level of advanced capitalist countries. *Pari passu*, a neo-developmental government should be able to promote economic growth, distribute income through economic policies and institutional reforms aimed at the market, but often in order to correct it. And in this way, move away from the neoliberal logic of weakening the state, but generate strengthening for both parties: state and market (BRESSER-PEREIRA, 2010).

This view is not shared by Sampaio (2012), who believes that it is a way of mimicking neoliberal policies centred on currency stability, fiscal austerity, the search for international competitiveness and the absence of any discrimination against international capital, and associating them with positive aspects of the old developmentalism: economic growth, industrialization, the regulatory role of the state and social sensitivity. From the perspective approached with regard to the Amazon, it seems to condense the old development in a new guise, since it is based on the discourse of another development, but continues to encourage the old practices: tax benefits, cheap labor, legal security for big business, always based on the disorderly exploitation of natural resources, without thinking about the socio-economic repercussions as well as environmental preservation in the context of the climate crisis.

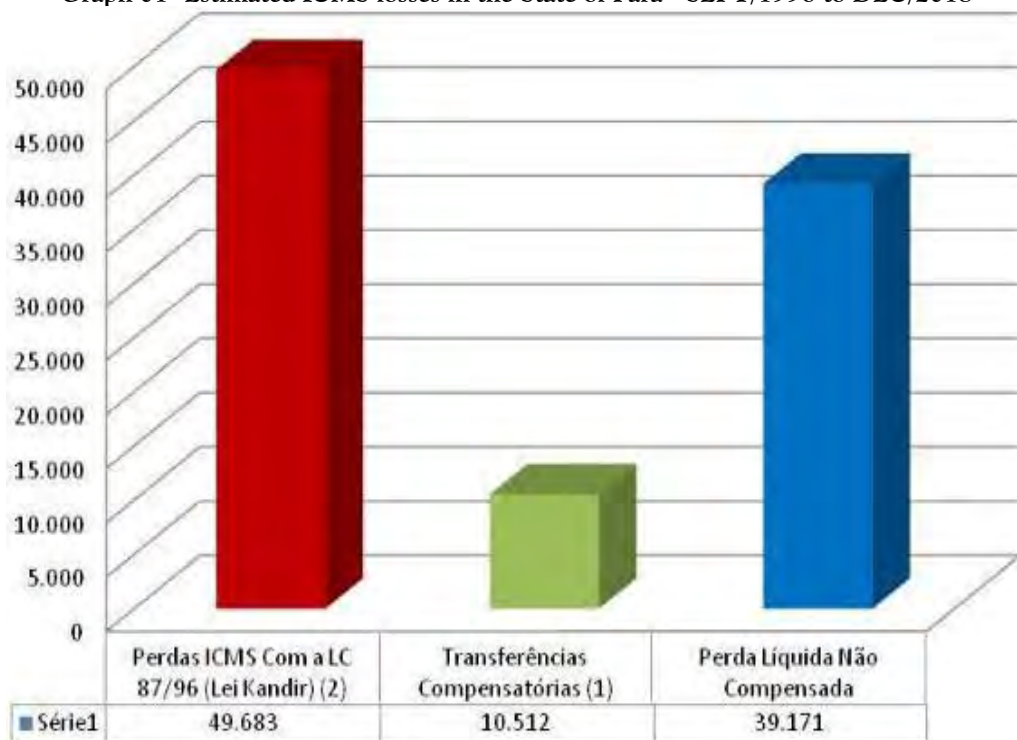
There is a list of priority sectors that receive tax exemptions in the Amazon, based on legal provisions dating back to 1963. Since then, there have been changes in formats and values. Thus, the Amazon Investment Fund was established, and today tax incentives are under Law 12.995/2014 combined with the previous Decree No. 4.212/2002 and Decree No. 6.810/2009, which state which sectors can claim tax incentives with a view to regional development. On the list are the extractive industries; metallic minerals; meat and vegetable oil agro-industry; wood industry; energy and gas production; industrial-based sectors such as toys and watches (INESC, 2014).

The tax incentives given to various activities in the Legal Amazon are made up of taxes that are the responsibility of both the Union and the states in the region. In the mining sector, the Superintendence for the Development of the Amazon (SUDAM) grants companies a 75% rebate on their corporate income tax. Of the 25% tax due, up to 30% can be used to invest in new machinery and equipment, i.e. 7.5%, which adds up to a total tax exemption of 82.5%. SUDAM and the Federal Revenue do not disclose the amounts of the 75% IRPJ exemption, the former says it only conceives of the benefit and the latter, which collects the reduced tax, says that the information is protected by tax secrecy; there is also the Financial Compensation for Mineral Exploration. There is also the exemption from the tax on the circulation of goods and services (ICMS) for the export of mineral products, governed by Complementary Law 87/1996 (Kandir Law); for regional governments, the ICMS exemption for interstate transactions. Companies such as Vale do Rio Doce, BHP Billiton, *Norsk Hydro* and Rio do Norte Mining are on the list of those benefiting from tax incentives (INESC, 2018).

Instead of encouraging development by reviewing these incentives, Brazil's tax policy ends up penalizing the Amazon and the states that produce raw materials and semi-manufactured products, since the unequal appropriation of tax revenues, given by tax incentives, makes it impossible to take effective action to produce public policies to tackle social inequalities, as well as the climate crisis.

An emblematic case of tax incentive laws was raised by the Court of Auditors of the State of Pará (TCE-PA), which accounted for billionaire losses resulting from the Kandir law. The state of Pará had total losses of ICMS, the main tax of the states, in the order of R\$49.6 billion in the period 1996-2018, of which R\$41.8 billion (80%) was due to the export of primary and semi-finished products and R\$7.8 billion was due to ICMS credits on purchases of fixed assets. In the comparison of accounts, the Federal Government transferred R\$10.5 billion to Pará as compensation up to December 2018, of which R\$6.6 billion refers to transfers resulting from the Kandir Law and R\$3.9 billion from Financial Aid Transfers to Exporting States (FEX). The amount transferred as compensation represents 21% of the losses accounted for so far. Considering the total losses over 22 years and the Union's compensation, Pará has accumulated net ICMS losses of R\$39.1 billion (TCE, 2019).

Graph 01- Estimated ICMS losses in the State of Pará - SEPT/1996 to DEC/2018



Source: TCE-2019

The situation described implies the low capacity of the Brazilian state, and specifically the sub-national governments of the Amazon, to seek solutions to the environmental liabilities produced by incentive companies such as *Norsk Hydro*. The Brazilian state's attempt to make good the losses caused by the Kandir law falls short of the amounts owed, even when compared to the debts that the states have with the Union. When state bodies and civil society question the *status quo* of incentives, companies are unanimous in saying that they are vectors of development and that they could go elsewhere to set up their production plants. However, these companies can only find the inputs for their production in the Amazon, and due to the lack of transparency and control mechanisms over these incentives over the decades, it cannot be said that the tax incentive policy is effective (INESC, 2014: 2018; TCE-PA, 2019).

It follows that in the context of the Amazon and its sub-national units, the activities that have formed the balance of trade over the last 50 years, at the same time as these activities contribute to the formation of national and regional wealth, they also leave trails of destruction, which cannot be avoided in the short, medium and perhaps long term, because of the climate crisis. Within this dynamic, the Amazonian states, despite their efforts to create public policies to tackle the climate crisis, can do little about the perverse effects of capital. Trapped in historical economic patterns, they depend directly on the production and export of *commodities*.

The challenge for sub-national governments in the Amazon lies in finding ways to tackle the climate crisis based on a pre-existing productivist model, from which they benefit economically by maintaining their public machinery, in a paradox. It is with this pattern that, through interest groups, they participate, albeit as Non-Party actors, in the climate regime, maintaining the discourse of preservation, of the search for solutions to the climate crisis, but seeking to capture investment opportunities. Perhaps, with this strategy, they will be able to better access the wealth of their territories, making the big transnational companies assume and pay for the environmental liabilities in the Brazilian Amazon.

The state of Pará stands out among the subunits of the Legal Amazon. It is the second largest in terms of land area, and first in terms of population and gross domestic product in the region. Perhaps its territory is home to the greatest amount of capital activity. This concentration of activities means that it is at the forefront of economic indicators in the region

and well placed in the federation in terms of wealth production, which shows the linear growth of GDP, however, when distributed proportionally to the population, the state falls vertiginously to the bottom of the ranking of states in the federation. As Pará's economy is intrinsically linked to the potential of its natural resources, especially mining, there is a strong impact on environmental preservation (TCE, 2019; FIEPA, 2023).

Pará's main economic activity is mining, which accounts for 13.5% of GDP and 89% of the state's exports, generating US\$18.3 billion in foreign currency for the country. This is equivalent to the GDP of Iceland or Jamaica every year and with prospects for growth

(ENRIQUEZ, 2021, p. 5).

In the last 10 years of the 21st century, a series of public policies have been implemented to combat deforestation and forest degradation in the state of Pará: Ecological-Economic Zoning, the Plan for Prevention, Control and Alternatives to Deforestation (PPCAD), the Green Municipalities Program, which seeks to combine conservation and production with a view to low-emission development. This set, plus the Climate Change Forum, forms the “Sustainable Pará” mitigation strategy. Updated by the Helder Barbalho government (2018- 2022) under the name *Amazônia Agora* State Plan, it was presented as a major strategy for the state of Pará in Madrid at COP 25 (PARÁ, 2020).

A study developed by the government of the state of Pará on behalf of the FAPESPA Foundation to analyze the Amazon states, the Sustainability Barometer (BS), a methodological tool that orbits around two major axes: Human Well-Being (BEH) and Environmental Well-Being (BEA). The first axis is formed from health, population, wealth, knowledge and culture, community, and equity; the second axis, the environment: land, air, water and use of natural resources. By mobilizing all these dimensions, the Amazon states are classified on a scale ranging from sustainability to unsustainability. In conclusion, the study indicates that the classification of all the subunits that make up the Legal Amazon is within the range of unsustainable and intermediate (FAPESPA, 2016).

When the government of Pará began to produce climate policy, it was somewhat non-linear, so much so that even with the Climate Change Forum in 2000, what emerged as a mitigation policy was the Plan to Combat Deforestation based on patterns of combating organized crime, rather than processes that focus on raising the awareness of governments and populations in the region, such as Operation Arco de Fogo (2008), which paralyzed local economies, creating antipathy towards environmental policies at all levels.

The sub-national governments of the Amazon, especially Pará, have distributed themselves into interest groups, forming networks of sub-national governments capable of presenting their demands at the COPs and thus drawing attention to the climate regime, as well as to state and non-state stakeholders for partnerships in the Amazonian environment, and thus building the conditions to deal with the climate crisis. This is what can be deduced from their organizational processes and the reception of the climate regime in the Amazonian territory, despite the advance of forest deforestation and soil degradation.

However, even with all the legal protocols aimed at mitigating predatory activities, the balance of payments shows that their economies are sustained through the export of *commodities* and so, within the relations of production, these units will not escape the standards set by the world economic system, which is carried out in competition for the rents that circulate in the international system, where these competitors offer the best proposals so that circulating capital can have greater legal security, and thus the best favorable environment for its reproduction. In order to create a favorable environment, all the competitors, in the manner of national states, offer advantages to capital, and these advantages are summed up in the abundance of raw materials, cheap labor and, above all, tax incentives to make the region even more attractive to capital (ARRIGHI, 1996; CASTRO, 2014; FAPESPA, 2016).

In this sense, the state of Pará is a unique case of trying to establish a process of environmental preservation with the prospects of capitalist development. The Governors' Climate Task Force, a group that includes all the state governments of the Amazon, recognizes more than in other Amazonian sub-units that the state of Pará is the synthesis of the entire Amazonian context, in other words, from the state's profile, one can understand the productive activities as well as the destructive aspects of this development.

By unveiling the forces of "progress", we can understand the *drivers* of this development, which is uniform for the region. The magnitudes to be assessed include the size of the state, which is megadiverse, as can be seen in its biodiversity potential, its immobilized wealth, which, once transformed by the capital machine, makes this state a major player on the international and domestic stage. Thus, from an economic point of view, it ranks first in wealth production in the region and 11th in the country; but at the same time it is one of the most unequal states when this wealth is projected proportionally to its population, 21st in nominal per capita income; as for human development and the indicators that make up this index: poverty, education, sanitation and security these indicators are one of the worst compared to the other units of the national territory (24th); even with all the legal framework: climate forum, state laws, policy and plans to combat deforestation, it is the state that deforests the most and is consequently the largest emitter of greenhouse gases in the Legal Amazon (IBGE, 2019: 2022; OBSERVATÓRIO DO CLIMA, 2022; INPE, 2022; PARÁ, 2020).

Thus, it can be seen that the wealth that is immobilized and transformed, and based on the central assumptions of the economy, with regard to the periphery of capital, does not take place in the territory from which it was taken, but in the center where it was transformed. Observing the pattern of development in the Amazon, the state of Pará and the other units of government in this territory, from tracing the process, without exaggeration of the 500 years of occupation and exploitation, regardless of the presence of the state, the tendency is for the axiom of development to now remain in a new package, beyond concrete natural goods, privatizing the residues of human action, global warming (WALLERSTEIN, 2001).

This highlights the challenge for all Amazonian state governments, as determined by the climate regime, to converge climate change mitigation and adaptation policies with the activities taking place in their territories that have a strong impact on the environment, mainly: mining; large-scale energy production, such as hydroelectric plants, and logging activities. All of these activities generate a large amount of resources (*royalties*) and thus contribute to the budgets of these governments. The implementation of climate policies does not seem to be rooted in the daily life of Amazonian society and, compared to the subsidies given to the economic activities listed, it seems that they will not produce the desired effect, either in the short, medium or long term, if we follow the trajectory of the development model within the center-semiperiphery-periphery spectrum of capital. This pattern can be seen in the historical series of deforestation and, concomitantly, measured emissions (OBSERVATÓRIO DO CLIMA, 2022; WALLERSTEIN, 2001).

Thus, we can see a set of important markers that follow the traditional patterns

of development in the region, which constitute strong recent events that follow and strengthen the historical trend of deforestation and environmental degradation. In this perspective, it proves that the set of climate institutes for tackling the climate crisis is of low effectiveness, which can be seen not only in the actions of the Action Plan for the Prevention and Control of Deforestation in the Legal Amazon (PPCDAm) but also in the tax incentives given by the Brazilian state, by the state governments, in fact, a historical trend that extends from the Vargas government, military governments to the present with the renewal of the pact with big business.

Thus, this chain of events resulting from the actions of decision-makers at government level that have repercussions on the Amazonian environment, as well as the legal framework resulting from the climate regime, is present in the formula of tax incentives given to transnational companies representing big business.

And so it can be seen: the tax incentive established by the Pará state government for the aluminum chain, controlled by the Norwegian company *Norsk Hydro*, whose largest shareholders are the Norwegian state, Vale, banks, and industrial sectors in the US and the UK, through Resolution No. 014 of July 10, 2015, combined with Resolution No. 020 of August 20, 2015, in the amount of 7.5 billion reais. As a result of its actions in the region, there are accusations of contamination of rivers, streams, local populations, and *quilombolas*, which is the subject of a public civil action by the Federal Public Prosecutor's Office. For the environmental damage caused, the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA) imposed a fine of 17 million reais. Since 2012, the company has been the subject of 5,300 lawsuits (NETO, 2017; MPF, 2017; PARÁ, 2015).

The tax incentive resolutions show the relationship between the Pará state government and *Norsk Hydro*. According to the resolution, there are rebates on the payment of tax on the circulation of goods and services resulting from the company's activities, as well as a list of services offered by the Pará government, such as inputs and electricity used in the production process of *Norsk Hydro* and its subsidiaries. The counterpart is always subject to the field of intentions, which is not the case with this company's actions, as seen in the words chosen in the resolution such as "commit" and not oblige in a homogeneous way, which would denote assuming and concretely taking action in favor of regional development, in addition to the legal imbroglios with government inspection bodies and international courts.

It's worth noting,

Art. 1: The payment of the Tax on Transactions related to the Circulation of Goods and on the Provision of Interstate and Intermunicipal Transport and Communication Services - ICMS is hereby deferred for transactions related to the extraction, circulation, commercialization and provision of transport services for bauxite, alumina, and aluminum, in the state of Pará [...] (PARÁ, 2015, no p.).

Also,

Art. 7 The tax treatment provided for in this Resolution is conditional on the fulfillment of all the obligations assumed by the companies in the Term of Agreement, specifically, but not limited to, the following:

[...]

V - HYDRO undertakes to collaborate in the construction of a railroad in the state, be it federal, state, or PPP with private initiative, by contributing to studies and with the decision to contract cargo, provided that the cost of transportation has equal market conditions in relation to the cost of other modes;

VI - HYDRO undertakes, in 2018, to begin the process of physically expanding the production capacity of the Paragominas bauxite mine from 9.9 million tons/year to 14.8 million tons/year, to meet the supply requests to be made at first by the expansion of ALUNORTE to 6.6 million tons, which will take place in 2018, and then by CAP, as per item VIII;

IX - the companies undertake to collaborate with the State with regard to the State's environmental program, seeking to reduce the carbon footprint, in line with the HYDRO group's global climate strategy to become carbon-neutral by 2020.

According to the resolution that deals with the tax incentive, despite the counterpart of the aluminum conglomerate, this is a highly predatory activity that will leave behind a trail of immeasurable destruction. Article 7 of the resolution highlights the potential and possible impacts of the development of mineral activity - the expansion of the company's plant, intensification of production, as well as support for the expansion of railroad infrastructure in the state of Pará, in fact, one of the ten major vectors of deforestation in the Amazon. Just as in the city of Mariana, where the tailings dam collapsed, to a lesser extent but no less importantly, tailings from the *Hydro Norsk* company also leaked into the natural environment in the city of Barcarena in Pará. Through a clandestine connection, this company disposed of bauxite and lead tailings outside the industrial plant, causing serious socio-environmental impacts. It can be seen that there is a history of infractions by the Norwegian company in this region, which has been denounced by the MPF and fined by IBAMA, which shows that the counterpart points of the resolution in order to qualify for the tax exemption benefit, especially item IX, are unlikely to be met given the subsequent environmental crimes that have degraded the natural environment, with major repercussions on the lives of the local population.

It is important to note that, in the following act, after the control actions by the State, the company announced the suspension of production, pointing to immediate losses

on the European stock exchanges and consequently layoffs. According to a report in the *Valor Econômico* newspaper, one of its directors says, “our staff has been working hard over the last seven months to keep operations safe and preserve jobs” (ROSTÁS, 2018). Two things can be deduced from this statement, the first is that due to the mobilization of wealth, it makes and the subsidy given by the Pará government, it is unlikely to abandon the profitable activity; secondly, the exchange relations between the company and the government are limited to the employment of labor, little is said or little has been put into practice processes that envision another path of development for the state of Pará and the Amazon region with environmental preservation and mitigation of the climate crisis.

5. FINAL CONSIDERATIONS

The climate regime has seen the active participation of state governments, which are considered Non-Party actors under the Paris Agreement. In interest groups, they articulate participation in the various bodies of the United Nations (UN), create financial funds, ally themselves with each other and with external partners. They make voluntary commitments to stop the climate crisis. The governments of the Amazon are in tune with these groups. It is worth highlighting the Amazon Governors’ Forum, whose diagnosis on this issue is that both the states and the climate regime are failing to tackle the climate crisis.

We can see that the participation of state governments in the Amazon, based on interest groups, takes place in search of business opportunities. When the government of Pará participates in the COPS environment, it does so by taking advantage of the opportunity provided by the regime. This impulse to move beyond the national border can be explained by the low returns they receive in their historical relations with the Brazilian Executive Branch in terms of appropriating the results of capital, the low distribution of revenues from the central activities of these regions, consolidated in the Kandir law and established by the asymmetry of power in the federation.

By tracing the development patterns of the Amazon region in order to understand climate change, we can see that capital’s relationship with the region has remained the same. This *modus* has been updated beyond the withdrawal of natural resources, with billions of reais in tax incentives. As the climate regime emerges, the unequal exchanges between Center and Periphery further accentuate this relationship, which can be seen in the composition of a climate mitigation fund announced at CoP-15, the Amazon Fund, where the Norwegian government announced the donation of a billion dollars to combat deforestation in the Amazon. However, the transnational company Norsk Hydro, whose largest shareholder is the Norwegian state itself, and Vale, which operates in the mining sector, have tax incentives from both the federal and state governments. This company has been fined several times by IBAMA for the crimes committed in Pará and has been systematically denounced by the Federal Public Prosecutor’s Office.

Despite robust regulations on combating climate change in Brazil, in the Amazon, and in the state of Pará, *Hydro’s* relationship with the Pará Executive, based on the figures and its operations in the region, shows a counter-productive pattern in every sense,

which can be seen in the high rate of deforestation and greenhouse gas emissions, and in the absence of manufactured products, which would imply a change in the pattern of the relationship between the center and the periphery. Thus, the picture described is the opposite of the 50 years of debate on sustainable development in international forums.

REFERENCES

ARRIGHI, Giovanni. **The long twentieth century**: money, power and the origins of our time. Rio de Janeiro: Contraponto; São Paulo: Editora UNESP, 1996.

BRESSER-PEREIRA, Luiz Carlos. **From old to new developmentalism in Latin America**. Textos para discussão, n. 274. São Paulo: FGV-EESP, 2010. Available at: http://www.bresserpereira.org.br/papers/2010/10.01.Do_velho_novo_desenvolvimentismo.CCF.pdf. Accessed on: November 3, 2023.

BIERMANN, Frank; BETSILL, Michele; GUPTA, Joyeeta; KANIE, Norichika; LEBEL, Louis; LIVERMAN, Diana; SCHROEDER, Heike; SIEBENHÜNER, Bernd. **Earth System Governance**: People, Places and the Planet. Science and Implementation Plan of the Earth System Governance Project. ESG Report 1. Bonn, IHDP: The Earth System Governance Project. 2009.

CASTRO, Edna; RODRIGUES, Jondison; HAZEU, Marcel; ALONSO, Sara. Mega-projects and new territories of capital: transportation and port infrastructure in the Amazon. In: CASTRO, E.; FIGUEIREDO, S. **Sociedade, campo social e espaço público**. Belém: NAEA, 2014.

DUCHACEK, Ivo. Perforated sovereignties: towards a typology of news actors in international relations. In: SOLDATOS, Panayotes; MICHELMANN, Hans (Eds.). **Federalism and International Relations: the role of subnational units**. New York: Oxford University Press, 1990, p. 1-33.

ENRIQUEZ, Maria Amélia. **Bulletin 1: the taxation of mineral assets in Pará**. Belém, PA: SINDIFISCOMPARÁ, 2021.

FEDERATION OF INDUSTRIES OF THE STATE OF PARÁ. **Performance of the Trade Balance of the State of Pará**. Belém, 2023. Available at: <https://www.fiepa.org.br/noticia/para-fecha-semestre-em-terceiro-lugar-em-saldo-no-ranking-brasil>>. Accessed on: September 30, 2023.

AMAZON FOUNDATION FOR STUDIES AND RESEARCH (FAPESPA). **Amazon Sustainability Barometer** / Directorate of Environmental Studies and Research. - Belém, 2016. Available at: <http://www.fapespa.pa.gov.br/upload/Arquivo/anexo/1126.pdf?id=1520360627>. Accessed on: July 30, 2018.

HOCKING, Brian. Regionalism: an International Relations perspective. In: VIGEVANI, Tullo (Org). **The subnational dimension and international relations**. São Paulo: Ed. UNESP: EDUC, 2004. p. 77-108.

BRAZILIAN INSTITUTE OF GEOGRAPHY AND STATISTICS (IBGE). **Regional Accounts System: Brazil 2019**. Available at: < https://biblioteca.ibge.gov.br/visualizacao/livros/liv101873_informativo.pdf>. Accessed on: July 15, 2022.

INSTITUTE FOR SOCIOECONOMIC STUDIES (INESC). **Tax incentives for the development of the Amazon or for corporate profits?** Brasília, 2014. Available at <http://amazonia.inesc.org.br/artigos-inesc/incentivos-fiscais-para-o-desenvolvimento-da-amazonia-ou-para-o-lucro-das-empresas/>. Accessed on: October 12, 2018.

_____. **Tax exemptions for companies in the Amazon:** more than 50 years without transparency and effectiveness. Brasília, 2018. Available at: <http://amazonia.inesc.org.br/materias/isencoes-fiscais-para-empresas-na-amazonia-mais-de-50-anos-sem-transparencia-e-efetividade/>. Accessed on: October 12, 2018.

Federal Public Prosecutor's Office. **Public Civil Inquiry No. 1.23.000.000661/2015-70, 2017** Available at: <<http://www.mpf.mp.br/pa/sala-de-imprensa/documentos/2016/acp-agua-potavel-barcarena>>. Accessed on: July 2, 2017.

NETO, Mauro. Hydro will not pay R\$7.5 billion in taxes. **Diário on line**, Belém, 2017. Available at: <<http://www.diarioonline.com.br/noticiasinterna.php?nIdNoticia=390843>>. Accessed on: January 15, 2017.

Climate Observatory. **System of Gas Emission Estimation System (SEEG), 2022**. Available at:<<https://plataforma.seeg.eco.br/map>>. Accessed on: July 15, 2022.

PARÁ. Department of Finance. **Resolution no. 014, of July 10, 2015**. Grants tax treatment to operations carried out by the companies it specifies. Available at: <http://www.sefa.pa.gov.br/legislacao/interna/resolucao_icms/rs2015_00014.pdf>. Accessed on: July 7, 2017.

_____. Treasury Department. **Resolution no. 020, of August 20, 2015**. Amends provisions of Resolution No. 014, of July 10, 2015, which grants tax treatment to operations carried out by the companies it specifies. Available at:<http://www.sefa.pa.gov.br/legislacao/interna/resolucao_icms/rs2015_00020.pdf>. Accessed on: July 7, 2017.

PARÁ. Secretariat for the Environment and Sustainability. **Plan for the Prevention, Control and Alternatives to Deforestation**. Available at: <<http://www.gcftaskforce-database.org/Frameworks/brazil.para>>. Accessed on: October 29, 2018.

_____. **Voluntary Local Report on the Sustainable Development Goals for the State of Pará**. Belém: State Secretariat for Planning and Administration / State Secretariat for the Environment and Sustainability, 2020. Available at: <<https://www.semas.pa.gov.br/wp-content/uploads/2020/10/ObjetivosdeDesenvolvimentoSustent%C3%A1vel.pdf>>. Accessed on: September 15, 2022.

ROSTÁS, Renato. Norsk Hydro decides to temporarily shut down Paragominas and Alunorte.

Valor Econômico. São Paulo, 2018. Available at: <<https://www.valor.com.br/empresas/5901253/norsk-hydro-decide-desligar-temporariamente-paragominas-e-alu-norte>>. Accessed on: November 3, 2018.

SAMPAIO JR, Plínio de Arruda. **Developmentalism and neo-developmentalism: tragedy and farce.** *Serv. Soc.*, n. 112, p. 672-688, 2012. Available at: <https://www.scielo.br/j/ssoc/a/XS-SKWS3N6nGBxSfFwy7cvTF/>. Accessed on: November 3, 2023.

SOLDATOS, Panayotis. An Explanatory Framework for the study of Federated States as Foreign Policy Actors. In: MICHELMANN, H; SOLDATOS. **Federalism and International Relations: the role of subnational units.** Oxford: Clarendon Press, 1990, p. 34-53.

SMOUTS, Marie Claude. **The new international relations: practices and theories.** Brasília: University of Brasília, 2004.

SUPERINTENDENCE FOR THE DEVELOPMENT OF THE AMAZON (SUDAM). **Results Tax Incentives, 2018.** Available at: <<http://www.sudam.gov.br/index.php/incentivos-fiscais?id=92>>. Accessed on: April 15, 2018.

COURT OF AUDITORS OF THE STATE OF PARÁ (TCE). **Technical Report - financial impacts of the Kandir law.** Belém- Pará, 2019. Available at: https://irbcontas.org.br/wp-content/uploads/2020/04/Relatorio_Tecnico_2_-_Lei_Kandir_atualizado.pdf. Accessed on: September 19, 2022.

WALLERSTEIN, Immanuel. **Historical capitalism and capitalist civilization.** Rio de Janeiro: Contraponto, 2001.

WEISS, Thomas; THAKUR, Ramesh. **Global governance and the UN: an unfinished journey.** Indiana : University Press, 2010.

Carlos Eduardo de Souza Siqueira

✉ edu13siqueira@gmail.com

ORCID: <https://orcid.org/0009-0009-4417-8701>

Submitted on: 04/12/2023

Accepted on: 26/11/2024

2025;28:e00174

Edir Veiga

✉ edir.veiga@gmail.com

ORCID: <https://orcid.org/0009-0006-9270-6255>

Governança Climática e o Executivo Estadual Amazônico: o caso da mineradora Norsk Hydro no Pará

Carlos Eduardo Siqueira
Edir Veiga

Resumo: O regime climático constitui um dos instrumentos de governança que busca mitigação climática. Na Amazônia brasileira a presença do grande capital contribui para a crise climática. Importa questionar quais resultados esta região aufere diante da renúncia fiscal concebido pelo Estado brasileiro às empresas transnacionais. A metodologia está focada no estudo de caso. O objetivo busca analisar a relação entre o Executivo estadual paraense e a empresa da mineradora Norsk Hydro a fim de verificar o resultado dos incentivos fiscais tendo em vista a sustentabilidade do desenvolvimento frente ao axioma de que o investimento feito pelas empresas transnacionais impulsiona o desenvolvimento da periferia ao centro do capital. Verifica-se que a renúncia fiscal rivaliza com os princípios básicos de mitigação climática criando empecilhos para que o regime climático possa se efetivar satisfatoriamente.

Palavras-chave: Amazônia; Regime Climático; Empresas Transnacionais; Governo do Pará; Incentivo Fiscal.

São Paulo. Vol. 28, 2025

Tema em Destaque:
Amazônia

Gobernanza climática y gobierno del estado de Amazonas: el caso de la minera Norsk Hydro en Pará

Carlos Eduardo Siqueira
Edir Veiga

Resumen: El régimen climático constituye uno de los instrumentos de gobernanza que busca la mitigación climática. En la Amazonia brasileña, la presencia de grandes capitales contribuye a la crisis climática. Es importante preguntarse qué resultados obtiene esta región frente a la exención fiscal diseñada por el Estado brasileño para las empresas transnacionales. La metodología se centra en el estudio de caso. El objetivo busca analizar la relación entre el ejecutivo estatal de Pará y la empresa minera Norsk Hydro con el fin de verificar los resultados de los incentivos fiscales teniendo en cuenta la sostenibilidad del desarrollo, a la luz del axioma de que la inversión realizada por empresas transnacionales impulsa el desarrollo de la periferia hacia el centro de la capital. Parece que la exención fiscal rivaliza con los principios básicos de la mitigación climática, creando obstáculos para que el régimen climático se implemente satisfactoriamente.

São Paulo. Vol. 28, 2025

Tema Destacado:
Amazonia

Palabras-clave: Amazonas; Régimen Climático; Empresas Transnacionales; Gobierno de Pará; Incentivo Fiscal.