

Monday, September 28, 2026
View Back issues



COURTHOUSE NEWS SERVICE

Home Business Courts Economy Entertainment Op-Ed Politics Podcast Science Trials More ▼

Brazil high court upholds Amazon soy pact, but states can punish firms that follow it

The ruling upheld an agreement barring purchases of soybeans grown on Amazon land cleared after 2008, while allowing states to withdraw tax incentives from participating companies.

MARÍLIA MARASCIULO / August 12, 2026



In this Nov. 21, 2018, photo, Justin Roth holds a handful of soybeans at the Brooklyn Elevator in Brooklyn, Iowa. Farmers still working to get out their remaining corn and soybeans after a weather-plagued harvest season are also struggling to figure out what to do with the record soybean crop for which they have fewer customers willing to buy due to the ongoing tariff dispute. (AP Photo/Charlie Neibergall)

RIO DE JANEIRO (CN) — Brazil's Supreme Court ruled Wednesday that the Amazon Soy Moratorium, an agreement restricting purchases of soybeans grown on land in the Amazon biome cleared after 2008, is constitutional, but states may withdraw tax incentives from participating companies.

In a 6-3 decision, the justices also ordered Brazil's antitrust regulator and courts to dismiss cases premised on the moratorium's alleged illegality or that assert civil or antitrust liability arising from the agreement.

The case arose from laws enacted by the states Rondônia and Mato Grosso, Brazil's largest soybean-producing state. The laws withdraw tax incentives and

other benefits from companies that join environmental agreements with standards stricter than Brazilian law.

The Amazon Soy Moratorium is a private-sector agreement created in 2006 that remains formally in force. However, most major grain traders withdrew from the initiative in January 2026, undermining its collective monitoring and auditing system.

Under the agreement, participating companies pledged not to purchase or finance soybeans grown on land in the Amazon biome cleared after July 2008, even when the clearing complied with Brazil's Forest Code.

Brazil's 2012 Forest Code requires landowners in forested areas of the Legal Amazon to preserve about 80% of their property as native vegetation, with the rest clearable with environmental authorization.

Justice Flávio Dino, whose position prevailed, found that the moratorium is a voluntary agreement among private companies and does not violate environmental law. Dino also concluded that the agreement does not bind public authorities or prevent states from setting criteria for tax incentives.

Justice Cristiano Zanin joined Dino.

"Environmental law establishes the minimum, and organizations and companies may voluntarily go further by joining other commitments that are not expressly provided for by law," Zanin said. "On the other hand, the state is clearly not required to grant benefits based on criteria that are not expressly provided for in the legislation."

Justice Alexandre de Moraes said agreements signed by the Environment Ministry in 2010 and 2016 showed that the federal government formally supported the moratorium, reinforcing the initiative's legality.

The court unanimously ruled that states must observe constitutional waiting periods before withdrawing tax benefits and honor benefits previously granted in exchange for specific conditions.

Justices Dias Toffoli, André Mendonça and Luiz Fux dissented from the decision to declare the moratorium constitutional and dismiss the cases related to the agreement.

Toffoli argued that the ruling should be limited to the application of the state laws. Mendonça said the court lacked sufficient information to rule out potential antitrust violations and that the analysis should be conducted by the Administrative Council for Economic Defense, known as CADE.

CADE [opened an administrative case](#) and imposed an interim order against the moratorium in August 2025. The agency's tribunal upheld the order in September but delayed its effect until January 2026.

The order directed companies to stop sharing information about suppliers, volumes, prices and soybean origins, and to suspend audits and reports used to enforce the agreement. CADE said the exchanges could reduce competition even without direct price coordination.

Dino suspended the proceeding before the order took effect. CADE did not respond to a request for comment.

Justice Cármen Lúcia said the ruling applies to the agreement as it currently stands and does not prevent authorities from reviewing future changes or potential antitrust violations.

Edson Fachin, the court's president, voted to strike down both state laws in full.

"The tax system cannot be used to penalize those who adopt more protective practices," Fachin said. He lost on that point but joined the majority on the remaining issues.

During his vote, Fachin cited an analysis [published in Science in July](#). The study estimated that ending the moratorium could result in an additional 1.4 million hectares of deforestation and 745 million metric tons of carbon dioxide-equivalent emissions over the next decade.

The projected increase would amount to about 17% of all deforestation in the Amazon biome over the past 10 years.

Lisa Rausch, a University of Wisconsin-Madison researcher and lead author of the analysis cited by Fachin, said the case affects companies' willingness and ability to adopt stricter environmental standards. Rausch also said the ruling could influence efforts to create a new collective agreement to replace the moratorium.

The authors based their projection on a 2020 study that attributed a 35% reduction in deforestation in areas at risk of soybean expansion to the moratorium during its first decade. The new analysis also found no systematic differences in average prices paid to farmers in areas covered by the moratorium and nearby areas outside the agreement.

Rausch said two subsequent changes could affect the projection in opposite directions: Growing pressure from soybean expansion may have increased the agreement's importance, while greater noncompliance among some farmers may have reduced its effect.

"The risk is that you end up with this patchwork of commitments that are all written and implemented and monitored slightly differently, which creates loopholes and is simply less efficient than the common monitoring system," Rausch said. "Also, individual commitments are almost never audited, creating more space for them to be implemented less robustly than a sectoral agreement."

Angela Barbarulo, an attorney for Greenpeace Brazil, said the laws give an economic advantage to companies that do not adopt environmental commitments and pressure others to abandon zero-deforestation policies.

"The Constitution establishes a floor for environmental protection, not a ceiling," Barbarulo said. "Going beyond what the law requires should not be grounds for punishment."

Barbarulo also rejected allegations that coordination among grain traders restricted competition. She said participation in the moratorium was voluntary and that it included independent audits and safeguards against sharing commercially sensitive information.

"It does not seek to fix prices, divide markets or make joint purchases, but only to establish a minimum social and environmental standard," Barbarulo said.

[A book released in February](#) by the Brazilian Institute for Competition and Innovation reached a different conclusion. Eduardo Gaban, a professor of law and economics at the University Center of Brasília and one of the institute's founders, said the study found no causal link between the moratorium and reduced deforestation.

Gaban attributed the decline in deforestation since the 2000s to satellite monitoring, increased enforcement, restrictions on rural credit and the creation of a federal list of priority municipalities.

“There was no clear evidence that deforestation had declined,” Gaban said of the moratorium’s effect. “The moratorium became a major publicity campaign that generated a lot of money.”

The study, based on data from 1,091 Mato Grosso producers, found a 5.40-real (about \$1.08) discount per 60-kilogram sack in monitored areas, projecting an annual transfer of 4 billion to 5.3 billion reais (roughly \$800 million to \$1.06 billion) from producers to grain traders. It was not peer-reviewed.

Gaban said the companies responsible for most soybean purchases in the Amazon coordinated their purchasing conditions, leaving producers with few alternatives.

Aprosoja Brasil and Aprosoja Mato Grosso, two soybean producer associations, cited the institute’s study and said in a statement that the moratorium “punishes soybean farmers, not illegal deforestation.”

The groups argued that the agreement blocks only soybeans grown on land cleared after 2008 while allowing other products from the same properties to be sold.

The associations also said tax incentives represent revenue forgone by the government and may be conditioned on the public interest.

“No state is required to subsidize those who exclude law-abiding producers from the market through a collective agreement,” the groups said.

Aprosoja also cited declining Amazon deforestation alerts alongside a record soybean harvest, presenting the figures as evidence that production can grow without the moratorium.

Brazil’s National Institute for Space Research [reported a 37.2% decline](#) in alerts from August 2025 through June 2026 compared with the same period a year earlier. The agency said the alerts indicate trends and do not constitute an official deforestation rate.

Mato Grosso’s attorney general’s office defended the law in a statement, saying the state should not grant public benefits to companies that impose restrictions beyond Brazil’s Forest Code, which it called “one of the most severe” environmental laws in the world. The office said voluntary agreements should not serve as “regulatory shortcuts” that marginalize producers who comply with the law.

The Brazilian Association of Vegetable Oil Industries, known as Abiove, said in a statement that the ruling would help end a period of legal uncertainty and reaffirmed the legitimacy of voluntary corporate commitments to sustainable supply chains. The group, which represents major grain traders, said it hoped the decision would open a new phase of dialogue across the soybean supply chain.

Rondonia’s attorney general’s office did not respond to a request for comment.

Courthouse News reporter Marília Marasciulo is based in Brazil.

Categories / [ENVIRONMENT, INTERNATIONAL](#)

Our weekly newsletter *Closing Arguments* offers the latest about ongoing trials, major litigation and rulings in courthouses around the U.S. and the world, while the monthly *Under the Lights* dishes the legal dirt from Hollywood, sports, Big Tech and the arts.

Closing Arguments

By Courthouse News

Type your email...

Subscribe

By subscribing you agree to [Substack's Terms of Use](#), [our Privacy Policy](#) and [our Information collection notice](#)



Under the Lights

By Courthouse News

Type your email...

Subscribe

By subscribing you agree to [Substack's Terms of Use](#), [our Privacy Policy](#) and [our Information collection notice](#)



Additional Reads



No habeas relief for alleged former Al-Qaida leader

August 12, 2026



EU tightens rules on 'forever chemicals' in food packaging

August 12, 2026



Germany to give spy services more cloak-and-dagger powers

August 12, 2026



Israel defense minister vows troops to stay in Lebanon, Syria, Gaza

August 12, 2026