

2 April 2011 Last updated at 00:56 GMT

## **Brazil banks sued for Amazon deforestation**

Brazil's biggest bank - the state-run Banco do Brasil - is being sued for allegedly funding deforestation in the Amazon.

Public prosecutors say the bank lent money to companies that illegally cleared the rainforest and used labour practices bordering on slavery.

The smaller state-owned Banco da Amazonia is also being sued.

Brazil says it has drastically reduced the rate of deforestation in the Amazon in recent years.

Prosecutors in the state of Para said they had uncovered 55 loans worth nearly \$5m (£3m) that the Banco do Brasil approved to farms that had broken environmental and employment laws.

They also said they had uncovered 37 loans worth \$11m given to farms with similar violations by the Banco da Amazonia.

The loans violated Brazil's constitution, environmental laws, banking regulations and international agreements signed by Brazil, the independent prosecutors at the Public Ministry said.

"The discovery of this this irregular financing shows that this is a generalised problem"

End Quote Brazilian public prosecutor's office

"The discovery of this this irregular financing shows that this is a generalised problem," they said in a statement.

They added that their findings supported studies that showed a direct relationship between public loans and deforestation in the Amazon.

### **Denial**

The Banco do Brasil denied the allegations, insisting it complied with Brazilian law, but said it would look into the charges on a case-by-case basis.

The Banco da Amazonia said it would not comment until it had studied the legal documents.

Brazil's judicial branch will now have to decide whether to pursue the case.

If the lawsuits are successful the banks could have to pay compensation.

The prosecutors have also called for closer regulation and control of how loans are handed out.

Last year Brazil's government said deforestation in the Amazon - the world's largest tropical rainforest - had fallen to its lowest rate for 22 years.

Brazilian officials said the reduction was due to better monitoring and control.

Brazil says it is on course to meet its target of cutting deforestation by 80% by 2020 as part of

international efforts to tackle global warming.

The cutting and burning of trees in the Amazon has made Brazil a major contributor of the greenhouse gases.