



Assessing use of carbon credits

Climate Action Tracker assessment on use of carbon credits under Article 6 of the Paris Agreement

June 2026



BRAZIL



Brazil intends to sell carbon credits under Article 6 of the Paris Agreement. However, there is little information on whether the government has assessed the impacts of selling carbon credits on the fulfilment of its climate target (NDC) and its ability to ratchet up its own domestic climate action. Under its current plans, it could end up selling 200 million tonnes of emission reductions in 2035 alone, rather than counting them toward its own domestic target. Currently, however, there are no projects in the pipeline.

Brazil intends to participate in Article 6 of the Paris Agreement as a host (seller) country. The country has signed [2 Bilateral Agreements](#) (BAs) as of June 2026, with Singapore and Switzerland.

Brazil targets a 59-67% emissions reduction below 2005 levels by 2035 in its [NDC](#), including LULUCF, which is consistent, in absolute terms, with an emissions level of between 850 MtCO_{2e} and 1,050 MtCO_{2e}, according to the most recent inventory data. Beyond the 59% base level reduction, it plans to generate Internationally Transferred Mitigation Outcomes (ITMOs). This could result in selling up to 200 million ITMOs for 2035.

Under Article 6 of the Paris Agreement, countries can trade emission reductions through bilateral agreements ([Article 6.2](#)) or the UN-supervised Paris Agreement Crediting Mechanism (PACM) ([Article 6.4](#)). These are called ITMOs, with 1 ITMO equalling 1 tCO_{2e}.

Article 6 was agreed as a means to enhance climate action and ambition through cooperation. However, in practice, Article 6 risks weakening global climate action by enabling countries to substitute or delay domestic emission cuts, rely on low-quality or nonadditional carbon credits, and shift mitigation responsibility from wealthier buyer countries to lower-income host countries, undermining ambition, equity, and environmental integrity. A responsible use of Article 6 requires a combination of high (domestic) ambition, adequate levels of climate finance, high-quality projects, and robust accounting practices.

For more information on risks and responsible engagement in Article 6, see our 2025 [Article 6 briefing](#).

Summary of Brazil's participation and planned activities for Article 6

Article 6 participation	
Role	Host
Expected to engage in Article 6.2	Yes
Expected to engage in Article 6.4	Yes
Stated purpose of Article 6 participation (according to NDC)	"The Government of Brazil estimates that it is possible to raise the ambition of its national mitigation actions beyond the base level of 59 percent below 2005 levels by 2035 or 1.05 GtCO ₂ e, as proposed in section 1b, through the international transfer of mitigation results (ITMOs) generated in its territory."

Article 6 activities	
Signed Article 6.2 agreements	Yes, as a host country
Number of Article 6.2 agreements signed	2 agreements
Article 6.2 projects in pipeline	0 activities
Article 6.4 projects in pipeline	0 activities
Transitioning CDM projects into Article 6.4 (only for host countries)	Yes, but 0 projects with host country approval so far
Volume of credits transferred to date from Article 6 projects	0 ITMOs
Planned volume of Article 6 credits	No information on cumulative amount, but up to 200 million ITMOs for 2035 possible

Legend:

- **Article 6.2**, also known as "cooperative approaches", mostly sets the accounting framework for the transfer of emission reductions based on bilateral agreements between countries.
- **Article 6.4**, also known as the Paris Agreement Crediting Mechanism (PACM), is a project-based mechanism under the supervision of the UN Climate Secretariat (UNFCCC). It allows for the participation of private actors.

Evaluation



Prerequisites

Brazil does not meet the prerequisites for a responsible engagement in Article 6 as a host country. Information is missing on whether the country has assessed the impacts of generating ITMOs on the fulfilment of its NDC. There is a real risk that transferring ITMOs will undermine its domestic target achievement or weaken future NDC ambition.

Furthermore, Brazil's partner countries, Singapore and Switzerland, have not adopted NDC targets aligned with a 1.5°C pathway. This creates at best a zero-sum dynamic that undermines the potential of such cooperation to deliver net global emissions reductions or meaningfully enhance overall climate ambition.



Domestic mitigation context

Brazil sets a minimum baseline reduction that it plans to achieve domestically (-59% below 2005 levels by 2035). However, there are no clearly defined safeguards, rules or policies that ensure that emission reductions required to meet this domestic target are not transferred internationally. As a result, the potential sale of low-cost or non-additional mitigation options could firstly create a risk of overselling, leaving Brazil with more costly options, and secondly weaken integrity by creating reductions only on paper and without atmospheric benefit ("hot air").

The range between Brazil's baseline and higher ambition target (59-67% reductions by 2035, resulting in 1.05 to 0.85 GtCO₂e) provides an indication of the potential scale of mitigation outcomes that could be generated beyond the baseline. If the full range between 59 and 67% is sold in 2035, this would result in 200 million ITMOs in 2035 alone and an accordingly higher cumulative number throughout the NDC period.



Safeguards

Brazil's engagement in Article 6 relies primarily on Article 6.2 which lacks basic environmental and social safeguards to ensure high integrity mitigation outcomes. The country has not yet published a **regulatory framework** governing Article 6.2 transactions, including safeguards and rules for ITMO transfers.

There is currently no information on potential export limits, **positive or negative lists** for activities, fee structures, or social and environmental safeguards such as **grievance mechanisms** or **stakeholder consultations**. Similarly, no national rules on **benefit sharing** in the context of Article 6 have been defined. At the same time, Brazil has not yet authorised or implemented Article 6 activities, leaving scope to establish such rules and safeguards prior to authorising first transfers.



Projects

There are currently no projects in the pipeline.