Brazil's Carbon Credit Market: Opening Doors to International Trade

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In late 2024, Brazil launched its Brazilian Greenhouse Gas Emissions Trading System (SBCE – Sistema Brasileira de Comércio de Emissões) under Law 15.042/2024. This new regulated market allows companies and investors to buy and sell assets linked to greenhouse gas emissions, reductions, and removals, building on the country's existing voluntary carbon market. For investors, this marks a strategic turning point and raises important questions about how credits from Nature-Based Solutions (NBS) projects might reach international markets.

Brazil likely has the greatest potential for natural climate solutions worldwide, representing roughly 15% of global opportunities. The country holds one-third of the planet's reforestation potential, a quarter of global forest conservation capacity, and leads in the adoption of sustainable agricultural practices.[1] Reflecting this strength, Law 15.042/2024 allows both public and private REDD+ and ARR (Afforestation, Reforestation, and Revegetation) projects to generate forest carbon credits, provided they follow national or internationally methodologies approved by the SBCE's governing authority.

The SBCE Central Registry is designed to connect with other international emissions trading systems, making cross-border transactions possible. For example, Switzerland and the European Union have an agreement that lets credits move between their systems as long as they're registered in both. Singapore also permits the use of international credits, provided they're validated by the host country. These models show that interoperability is achievable, boosting the liquidity of carbon credits and attracting new investment.

Carbon credits registered with the SBCE can also be transferred internationally between countries participating in the Paris Agreement, as Internationally Transferred Mitigation Outcomes (ITMOs). This process requires prior authorization from a designated Brazilian authority, and regulation to govern it is currently under discussion and expected to soon be issued by Brazil's Interministerial Committee on Climate Change.

Although regulations are still needed, Law 15.042/2024 opens the door for NBS projects in Brazil to generate credits that not only meet domestic requirements, but can be traded internationally. This presents Brazil with a dual challenge: building a strong domestic system that ensures environmental integrity and legal certainty, while also making sure the system can interact seamlessly with global markets. Success on both fronts will help attract investment in climate solutions and support Brazil's international commitments.

To build a robust and internationally connected carbon market, Brazil will need transparent rules, reliable methodologies that meet global standards, and clear guidance on how regulated and voluntary markets will coexist.

Avoiding overlap and double counting is essential. With the right policies in place, Brazil has the potential to become a global leader in carbon trading—provided it can balance international best practices with its own domestic priorities.

NOTE

1. World Economic Forum & McKinsey & Company. (2021, January). Consultation: Nature and Net Zero. World Economic Forum. Retrieved September 1, 2025, here.

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