

ZERO DEFORESTATION

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BULLETIN

CATTLE RANCHING

Slaughterhouses request more time to map their suppliers



SOYA
Record crop: Will it mean more deforestation?



INTERVIEW
Hector Nuñez: "Customers already know the active role they play in changing"

What's HOT

o **Commitments to Protect the Forest Code** In a conversation with Kumi Naidoo, Executive Director of Greenpeace International, three Brazilian presidential candidates, Marina Silva, Dilma Rousseff, and José Serra, pledged to prevent negative changes to the series of laws that help protect intact forests. These laws, which have been in place since 1934, are known as the Forest Code and govern land use changes that would impact forested areas. Following the commitments given to Naidoo, threats to the Forest Code have increased so the presidential candidates will soon be called upon to fulfill their promises.

o **Cattle Targeted** The Federal Prosecutors Office sent notice to more than 70 companies buying meat from farms in Pará. In the notice, the agency recommended companies involved with any stage of the cattle chain ask suppliers to certify that the cattle they source are not from illegally deforested areas. Should the notified companies fail, they will be implicated as partial financiers of the devastation.

o **Soya in Indigenous Lands** The Brazilian Institute for Environment and Natural Renewable Resources (Ibama) seized approximately 12,000 tons of soy cultivated within a 5,200 hectare embargoed property in Bom Jesus do Araguaia, Mato Grosso State. The majority of the property was found to be within Maraiwatsede Indigenous lands which is home to the Xavantes.

The largest slaughterhouses in Brazil have failed to fully register their direct suppliers, which means there are no guarantees for customers whose products may still be linked to Amazon destruction.

On April 5 2010, three of the largest slaughterhouses in Brazil – JBS, Marfrig and Minerva – presented to Greenpeace a progress report on implementation of the Cattle Agreement. Signed in October of 2009, this agreement was designed to prevent the expansion of cattle ranching where it would drive deforestation in the Brazilian Amazon. The public agreement included a set of minimum criteria and benchmarks, the first of which required proof from the slaughterhouses by April 5th that 100% of their direct suppliers had successfully completed the mapping and registration of farms. Mapping and registration is a crucial first step designed to allow Brazilian slaughterhouses to monitor their supply chain and ensure that their products are not contributing to the deforestation of the largest tropical forest in the world.

Although results presented on April 5th fell short of the the criteria laid out in the Cattle Agreement, they do affirm the commitment of slaughterhouses to reject suppliers that will otherwise continue to dirty their supply chain. Marfrig reported geographically-referenced coordinates for suppliers responsible for 80% of its cattle volume, but reported that they were unable to get the direct suppliers that had registered to do so with maps depicting full farm shapes. JBS, the world's largest protein processor, confirmed that it had only registered 43% of its volume from the Brazilian Amazon region with at least one geographically-referenced coordinate.

After a request for more time, the slaughterhouses were given an interim deadline of having all direct suppliers registered with at least one geographically-referenced coordinate by July 5, 2010. The April deadline has been extended so that by November 13, 2010 all direct suppliers are required to have farms registered with maps that include the full shape of each farm. The mid-

read more in the next page

CATTLE RANCHING



term deadline of mapping indirect suppliers, which includes rearing and fattening farms, will continue to be October 2011.

Market suppliers share responsibility

The Cattle Agreement came less than five months after the June 1, 2009 release of a Greenpeace report titled 'Slaughtering the Amazon,' which investigated the Amazon cattle sector and its connection to international markets. Deforestation of the Amazon rainforest has helped secure Brazil's position as the fourth-largest emitter of greenhouse gasses in the world. Cattle ranches currently occupy 80% of deforested areas in the Brazilian Amazon. Given the scale of this problem, market suppliers have a significant role to play in the solution.

Within weeks of the report release, major supermarket chains like WalMart, Carrefour and the Casino group, as well as shoe brands like Nike, Timberland, Adidas, Geox and Clarks, made clear that they would not purchase cattle products linked to the destruction of the Amazon rainforest. Despite improvements to traceability systems, brands recognized on the market still cannot guarantee that their products are free from Amazon destruction and climate change. Until slaughterhouses fulfill their end of the agreement, the brands that depend on them will continue to fall short of their zero deforestation goals. "We made a great effort to register 80% of our supply and we are willing to comply with the agreement. But today, for the 20% of our supply lacking registration, we cannot guarantee cattle will not come from deforested areas," admitted the Marfrig director of sustainability, Ocimar Vilella.

Since October 2009, when JBS, Marfrig, and Minerva signed the zero deforestation agreement, around 14,000 hectares of Amazon forest have been destroyed within these slaughterhouses' areas of influence. This represents around 40% of the total area deforested during the four-month analysis period. "In the Amazon, where land grabbing, violence and invasion of protected areas is common, a formal system of accountability for the cattle sector is an issue of international interest," said Paulo Adario, Greenpeace Amazon campaign director.

Brazil is the world's largest beef exporter and the cattle sector understands it must clean up its supply chain if it wants to continue as a world leader. "Nobody wants to buy meat linked to deforestation or social problems. We have to control our supply if we want to gain market share," says Vilella. "This agreement is a milestone, because this kind of control over the supply chain did not exist in this sector before".

EDITORIAL

New bulletin, more challenges

The Amazon is the largest tropical forest on Earth. Home to nearly 10% of the world's mammals and a staggering 15% of all known land-based plant species, it is thought to be the world's most diverse ecosystem. More than 20 million people call the Brazilian Amazon home.

Tragically, in just four decades, 17% of the Amazon has been destroyed. Today, deforestation rates are on the rise as agricultural farms and cattle ranches advance into the frontier forests of the Amazon.

Brazil is quickly becoming one of the largest exporters of agribusiness products in the world, and investment in both the soya and cattle sectors remains high. The Brazilian government predicts a record soya crop for 2010 and the cattle industry continues to expand throughout the region. According to official figures, cattle ranches occupy 80% of deforested areas in the Brazilian Amazon.

To address a broader variety of threats, the *Greenpeace Amazon Bulletin* has expanded its scope. Renamed the *Zero Deforestation Bulletin*, this publication will now cover the two main drivers of deforestation in the Amazon: it will continue to track the progress of the soya sector while including progress of the cattle sector.

In recent years, industry leaders in both sectors have publicly committed to ensure that their supply chains are not linked to new deforestation in the Brazilian Amazon. While these commitments to Zero Deforestation have already yielded, we must continue to monitor implementation. Both commitments have multi-year implementation plans so consumers and companies supplied by these sectors must ensure there is no market for goods implicated in Amazon destruction.



Paulo Adario

Paulo Adario
Greenpeace Amazon
Campaign Director

Record crop: Will it mean more deforestation?

With soya forecasts predicting an increase in production, the industry faces the challenge of monitoring newly deforested areas to ensure the exclusion of soya grown in breach of the moratorium.

According to the World Trade Organization (WTO), Brazil has surpassed China and Australia to become the third largest exporter of agricultural products in the world. Official estimates anticipate that soya production will be larger than yields seen in previous years.

The Brazilian Institute of Geography and Statistics (IBGE) predicted early in the 2009/2010 soya season a 6.1% increase in soya cultivation. Compared to figures from the 2008/2009 season, this expansion in cultivation signifies an increase of 1.32 million hectares. Mato Grosso, which remains the main grain producing state in the region, has 40% of its six million hectares planted in the Amazon biome. According to the Institute of Mato Grosso Agricultural Economics (IMEA), the state expects a record harvest of 18.3 million tonnes, which would be a 7.3% increase in production.

The Ministry of Agriculture, Livestock and Supply (MAPA) ten-year projections are consistent with these predictions and Brazilian soya exports are expected to grow 2.8% annually. Coupled with domestic consumption, this would mean 82 million tonnes of soya are needed to satisfy the demand.

These projections are astounding. To prevent these figures from translating into further deforestation for soya production, traders must improve their monitoring and control mechanisms that support the zero deforestation goal. "If our surveillance is confirmed and there is an increased number of farms disrespecting the soya moratorium from the 2009/2010 season, traders will need to work hard to ensure soya coming from deforested areas does not contaminate their supply," said Rachel Carvalho, Greenpeace Amazon campaigner.

This year will be a test of the Soya Moratorium, which was established in July 2006 by the Brazilian Association of Vegetable Oils Industry (ABIOVE) and the Brazilian Association of Grain Exporters (ANEC) following the release of a Greenpeace report

connecting soya production to Amazon deforestation. Because it takes two to three years to prepare newly deforested areas for cultivation, areas deforested after the moratorium would, in theory, now be ready for cultivation. Last year traders were presented with farms that had deforested so that they could refuse to finance soy production on those farms. This year will test the commitment of soya traders as we wait to see how they will ensure the exclusion of first and second time offenders caught in breach of the moratorium.

In light of the forecasted record soya harvest, it is important that market access for soya grown in newly deforested areas of the Amazon is denied, and that anyone caught selling such products is penalized. This is a vital component of the Soya Moratorium and is necessary to protect the Amazon from further deforestation.

"When production increases, the level of problems may also increase," admits the president of ABIOVE, Carlo Lovatelli. But, he believes that nearly four years of collaboration on the agreement has matured the relationship between industry and producers. "The moratorium has already affected the behavior of those who produce inside the biome. The industry pressure has shown its weight."

According to ABIOVE, ten farmers who planted in newly deforested areas were blocked by the companies system last year, and as a result did not receive financing for that year's crop. Soya traders have until May 2010 to submit audited reports documenting the implementation of measures included in the Soya Moratorium that would prove they are not buying soya cultivated in newly deforested areas of the Amazon. Successful execution and transparency in reporting the completion of this step will be fundamental for the credibility of the Soya Moratorium.



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“Customers already know the active role they play in changing”

Originally from Cuba, Hector Nuñez is the President of the American retailer Walmart in Brazil. Under the leadership of the Brazilian Association of Supermarkets (Abrás), in August 2009, the company publicly committed to create a program to certify its beef supply chain in Brazil. The program promises to enable supermarkets to guarantee their customers that they only buy from slaughterhouses committed to ending deforestation in the Amazon.

What responsibility do large retailers have in solving environmental problems?

Retailers play a strategic role in solving environmental problems. Although we do not have a large direct impact when compared with industry, the retail sector is the link between suppliers and customers. We are constantly talking to industry about how we can best improve processes and products together in order to reduce our impact on the environment. Walmart in Brazil gets two million customers every day. This is incredible because it allows us to use the stores to inform and educate our customers, and to show them how each individual can do their part for the planet.

What are the challenges to reach these solutions?

The stakes are high because in many cases it requires a paradigm shift to meet these challenges. We are having to find new ways to do things that, in theory, were successful. Change is always challenging, but we are having amazing experiences with both our suppliers and customers. Both already know the active role they play in changing the way we do things.

Are consumers more concerned about environmental issues than in the past?

Consumer change does not happen fast, but it is happening. We realize every time we put a product on the shelves with some sustainability advantage, that there is customer interest. We are still at the beginning of this journey, but I see that when people have the information, they realize that small gestures can make a big difference.

Does Walmart have any intention of extending its zero deforestation policy beyond Brazil?

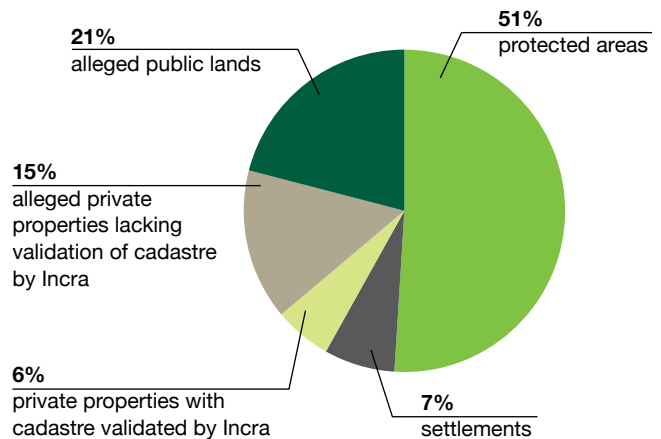
Protecting forests and conserving natural resources are part of Walmart policy worldwide. Our actions in Brazil have attracted great interest from the global Walmart.

➡ **What's NEXT**

- **Soja Plus** Abiove and three other soya sector associations launched the Soya Plus certification system. Soya Plus will certify farms considered to have met sustainability criteria which, surprisingly does not include Zero Deforestation commitments of the sector. This initiative has failed to gain the support of any civil society organizations that are behind the Soya Moratorium.
- **The Agribusiness Lobby** Because this year is the presidential election in Brazil, agricultural cooperatives, allowed to make campaign donations, are expected to open their pockets to candidates. These cooperatives intend to garner political support for agribusiness which is likely to mean we will see a push to weaken Brazilian environmental laws.
- **Slaughterhouses in Mato Grosso** Seven months ago the Federal Prosecutors Office started negotiations with the main slaughterhouses in Mato Grosso in an effort to get them to agree to certain behaviors designed to help clean their chain of custody which is currently contaminated with cattle from illegally deforested areas. Despite the importance of this document, Marfrig, Minerva and JBS continue to delay and to have not yet signed the Terms of Adjustment of Conduct (TAC). The Prosecutor has warned that if there is no agreement soon he will pursue civil legal action.

➡ **Power Point**

ESTIMATE OF THE OWNERSHIP SITUATION FOR LANDS IN PARÁ



Source Imazon, 2010. www.imazon.org.br

Pará is one of the states within the Amazon that is most affected by land title uncertainties. Land title uncertainty results in additional legal precaution toward investments, additional restrictions on obtaining credit, and land conflicts.