

# AMAZON BULLETIN

NEWSLETTER – ISSUE 4 – AUGUST 2008

Welcome to the fourth issue of *Amazon Bulletin*, bringing you the latest news about the moratorium on trading soya from newly deforested land in Brazil's Amazon rainforest.

In April 2006, Greenpeace published *Eating up the Amazon*, a report on its investigation into the links between soya in the supply chains of leading international companies and the destruction of the Amazon rainforest. The report and subsequent global campaigning activities prompted an alliance of food producers, supermarkets and fast-food chains, along with Greenpeace and civil society organisations, to come together to call for change. Responding to this pressure, the major soya traders operating in Brazil announced a moratorium on trading soya from newly deforested land in the Amazon, effective as of July 2006.

By producing this *Amazon Bulletin*, Greenpeace aims to keep the food and agribusiness sectors informed about the progress of the moratorium. It also hopes to encourage other companies to join the alliance and support efforts to protect the Amazon.

## ● Soya moratorium extended



*The Amazon rainforest is one of the most bio-diverse regions on Earth. Long-term environmental services provided to Brazil, its people and the world by the rainforest are far more valuable than short-term commodities trade. © Greenpeace/Russel Monk*

The campaign against Amazon deforestation received an important boost recently, just as the soya moratorium was approaching its second anniversary and scheduled expiry date, when Brazilian soya traders agreed to extend the initiative until July 2009. The new Brazilian Minister of Environment, Carlos Minc, together with the Brazilian Association of Vegetable Oil Industries (ABIOVE) and Greenpeace, announced the news at a press conference in Brasília in June.

This decision followed a meeting earlier that month with soya consumer companies from the moratorium alliance, attended by representatives from McDonald's, Carrefour, Marks & Spencer, ASDA and Ahold, amongst others. At this meeting Greenpeace's Amazon Campaign Director, Paulo Adario, updated the companies on the progress of the moratorium and emphasised the need for it to be extended (see why on page 3).

The companies who attended the meeting accordingly issued a joint statement, applauding the progress made by the Soya Working Group (the coalition of soya traders, environmental NGOs and civil society groups set up to implement the moratorium) in leading the initiative and also highlighted the need for the process to continue. Other European companies, including Sainsbury's, Cadbury, Somerfield, Waitrose and Tesco have since added their names to the statement. In Brazil, Wal-Mart, Sadia and Yoki have done the same.

The soya moratorium has changed the way producers and traders think about the rainforest: the sector has acknowledged responsibility for its role in deforestation and (in some cases) accepted that it must act. The urgent need to halt the destruction of the Amazon is now firmly on the corporate and political agenda and the moratorium has strengthened the Brazilian Government's strategies to fight deforestation. ▶

- The extension of the moratorium came at a time when soya farmers had begun to pressure ABIOVE and its members not to do so, even using the global food crisis to justify calling for



Brasília, 17/06/08. Brazilian Minister of Environment, Carlos Minc (second from right), together with Carlo Lovatelli, president of ABIOVE (third from right) and Paulo Adario, Greenpeace Amazon campaign director in Brazil (far right), at the press conference to announce the extension of the soya moratorium. © Marcello Casal Jr/Agencia Brasil

further Amazon deforestation. Yet the final decision of the Brazilian Government and the soya traders to continue with the moratorium implies that it is possible to protect the rainforest, combat climate change and still ensure adequate levels of food production in the long term.

As Paulo Adario said at the press conference to announce the moratorium extension, 'We are delighted to see the new environment minister take an active role in ensuring the continuation of the moratorium. Such high-level support helps ABIOVE and the traders convince soya farmers to support the initiative. His support also serves as a warning to those who continue to destroy forests that their soya will be rejected by the market.'

Inspired by the success of the moratorium so far, the Federal Government is developing similar approaches with the timber and beef industries. Such engagement by all sectors is essential to bring long-term protection to the Amazon rainforest and combat climate change effectively.

The *full joint statement* by the soya consumer companies behind the moratorium can be read at [www.greenpeace.org/raw/content/international/press/reports/statement-on-moratorium-amazonwg.pdf](http://www.greenpeace.org/raw/content/international/press/reports/statement-on-moratorium-amazonwg.pdf). Companies behind the moratorium that have not signed the statement are invited to do so. Companies not yet involved in the moratorium are invited to join the alliance of companies already in support of it.

## ● Challenge to moratorium as Congress threatens to legalise further deforestation

Following a massive peak in Amazon deforestation in 1996, when some 3 million hectares were cleared (the largest annual figure ever), the then President Fernando Cardoso signed an amendment to the Forest Code requiring farmers to preserve at least 80% of the rainforest in their rural properties – an increase from the previous limit of 50%.

This amendment came into force immediately, despite officially not being voted on by Congress. Since then, it has been legally possible to deforest a maximum of 20% of a rural property within the Amazon biome for cropland and pasture, while 80% must remain under native vegetation cover – the so-called 'legal reserve', which can be 'sustainably exploited', for example by selective logging.

Despite this, at present it is estimated that 90% of deforestation within the Brazilian Amazon is illegal, reflecting the lack of governance and enforcement in the region. One aim of the moratorium has been to provide a breathing space for the establishment of effective governance, including mapping and monitoring of land-holdings, in order to clamp down on this uncontrolled devastation.

In recent months, however, the rural grouping within the Brazilian Congress, influenced by the farming and agrofuel sectors, has been seeking legislative changes that would undermine these efforts to curb the destruction of the rainforest – and have introduced a bill to reduce the legal reserve back to 50%. Such a change would open the door to a large increase in legally sanctioned deforestation. In theory, it would apply immediately to the estimated 36% of the Amazon currently in the hands of the private sector. This would mean that as much as 40 million hectares of forest could legally be chopped down and burned, in addition to the clearance currently permitted. If all this additional land were cleared it would release more than 7 billion tonnes of carbon into the atmosphere.

The proposed legislative changes were also brought up in the discussions around the extension of the moratorium earlier this year. Under the 2006 terms of the moratorium, no soya from any newly deforested land within the Amazon biome could be traded, whether or the deforestation was illegal or legal. However, before the members of ABIOVE agreed to extend the moratorium for another year on its original terms, they proposed a change to those terms so that they could accept soya from newly deforested areas, provided that the deforestation was legal.

Fortunately, the soya traders abandoned this proposal after opposition from NGOs and retailers, and the moratorium extension continues under its original terms until July 2009. However, traders have made it clear that this will be a key point of negotiation in July 2009 and that they are keen to accept soya from areas of new legal deforestation enabling them to take advantage of the proposed changes in the Forest Code. The combination of a reduced legal reserve and industry acceptance of soya from new legally deforested land would lead to a massive increase in deforestation.

In view of the devastating implications both for Amazon biodiversity and for the global climate, this must not be allowed to happen. With rising demand for soya and other staples pushing up prices, the pressure to clear land has rarely been higher, and there are already indications of a resurgence in deforestation. It is therefore vital that the moratorium remains in place for all new clearance, legal or illegal, until more effective governance can be brought to bear throughout the region.

Greenpeace will continue to follow this process and may be looking for the soya consumer companies and food industry's engagement in the near future.

# ● **Moratorium 2008/09: concerns and what needs to happen next**

While recent figures reveal an increase in Amazon deforestation rates after three years of decrease, the first field evaluation shows that during the 2007/08 crop season no soya was planted in areas cleared since the announcement of the moratorium. However, Greenpeace's own aerial surveys and analysis of satellite images found some recent deforestation within the boundaries of soya farms, raising concerns that soya would soon be planted on these areas - hence the need to extend the timeline of the moratorium.

During the third year of the moratorium, the main tasks that the Soya Working Group will take forward to consolidate the moratorium and improve the monitoring of compliance are as follows:

## **1 - Establishing a clearer boundary for the Amazon biome**

The Federal Government has accepted responsibility for improving the map that currently delineates the boundary of the Amazon biome to produce one at a more detailed scale. This will enable the more accurate definition of which properties fall inside the biome. This is a necessary step towards the development of the monitoring system.

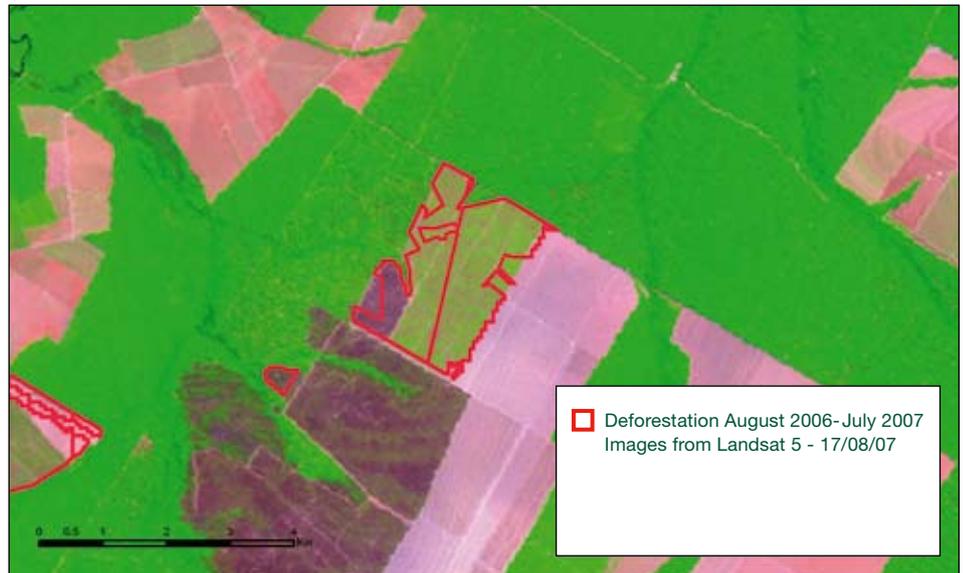
## **2 - Registration and environmental licensing of rural properties**

The registration and environmental licensing of rural properties are also essential preconditions for being able to effectively monitor land use in newly deforested areas. Moreover they are crucial to ensuring compliance with Brazil's Forest Code and land tenure laws. The Soya Working Group will continue to pressure state and Federal governments to prioritise the registering and mapping of properties in soya-producing areas. Traders must also push their suppliers to engage in this process, for example by stipulating registration as a criterion for receiving seed, fertiliser or other resources on credit.

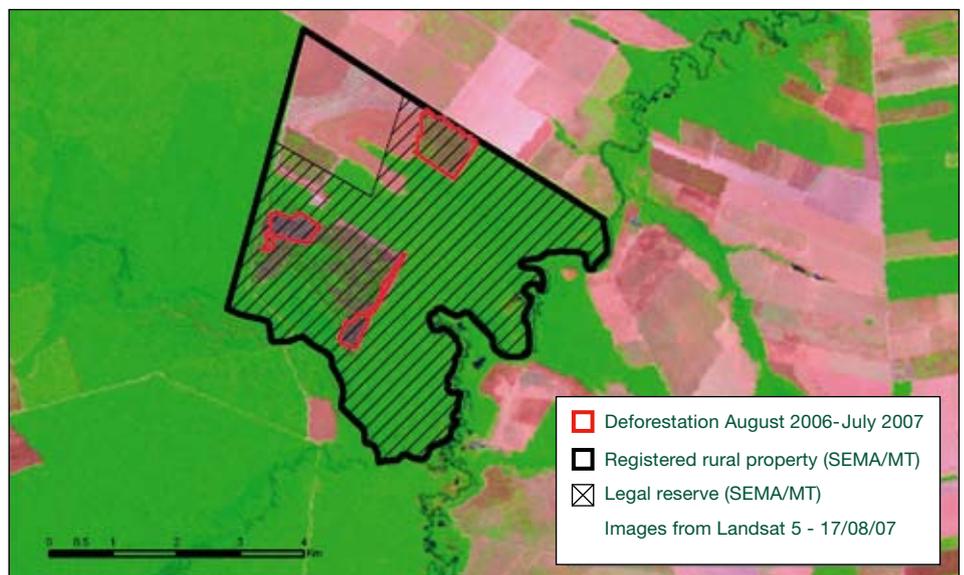
## **3 - Develop a traceability system for the next crop season**

The soya monitoring system for the 2008/09 harvest must include, besides the current monitoring protocol, a traceability system to be developed by the soya traders. This should ensure that soya producers identified as planting soya on newly deforested areas can be denied access to the market.

## **Registration of rural properties is essential to monitoring land use**



*Newly deforested area in an unregistered rural property in Mato Grosso, in the Amazon biome*



*Newly deforested areas within the legal reserve of a registered rural property in Mato Grosso, in the Amazon biome. The property is registered at the Secretary of the Environment for the State of Mato Grosso (SEMA/MT)*

There is some anxiety, however, that this one-year extension may not be long enough to build a monitoring, traceability and enforcement system capable of ensuring that soya production does not

drive further deforestation. In this case, the moratorium should remain until the bulk of rural properties have been registered and mapped and all the necessary governance tools are in place.

## ● Billion-dollar fund to help save the Amazon

Beyond the moratorium, international political will and establishing international finance to keep forests standing is critical. Keeping in view this long-term perspective, last year Greenpeace and eight other NGOs launched a zero-deforestation proposal, aiming to end deforestation in the Brazilian Amazon by 2015. They put forward the development of a fund to be established with the help of domestic and international investment, to speed up Brazil's initiatives to fight deforestation and promote sustainable forest use.

Taking up the NGOs' proposal, on 1 August this year Brazilian president Luiz Inácio Lula da Silva signed a decree creating a new Amazon Fund, intended to raise US\$1 billion in its first year. The fund has already been promised its first donation, US\$100 million from Norway, which will be presented in September during the visit of the Norwegian prime minister, Jens Stoltenberg to Brazil.

The fund will be held by the Brazilian Bank of Economic and Social Development (BNDES), which welcomed the original Greenpeace/NGO proposal. The allocation of grants will be decided by a council consisting of three chambers composed of representatives from the Federal Government, representatives of Amazon state governments and representatives of civil society, including NGOs, indigenous peoples, rural workers, industry and academia. The council's decisions will require a consensus of all three chambers.

The Amazon Fund will be able to receive national and international contributions but will receive no funding from the Brazilian Government – a key difference from the original NGO's proposal. In theory, this arrangement will ensure flexible and independent decision-making on allocation of resources.

This fund is nevertheless consistent with Greenpeace's Forests for Climate proposal. This aims to establish how the international community can set up a financial mechanism to raise funds for the protection of tropical forests, as part of the second (post-2012) phase of the Kyoto Protocol on climate change. If countries commit to such an initiative, funding to protect tropical forests worldwide could become available as soon as 2009, and start contributing immediately to a significant reduction in deforestation and consequent greenhouse gas emissions.

## ● No more credit for deforestation

Another sign of the Federal Government's current willingness to take action to protect the Amazon came on 1 July, when an important new measure in the fight against Amazon deforestation came into force as a result of a decision by the National Monetary Council (CMN), Brazil's supreme financial authority, which formulates monetary policy for the country's central bank. All rural producers operating within the Amazon biome who wish to receive finance from public or private banks will now have to comply with criteria including environmental licensing of their properties and a valid certificate of rural property registration, as well as with the terms of the Forest Code.

Controlling and regulating the flow of funds into the Amazon is fundamental to the fight against deforestation, as it directly affects the main drivers of destruction, soya and beef production.

For the 2008/09 crop season the Federal Government has announced the availability of finance totalling R\$78 billion in the agricultural sector, a clear incentive for its further expansion – so the new regulation will provide a useful safeguard to help ensure that this funding is used responsibly.

The new policy derives from a Federal decree signed by President Lula and former Minister of Environment Marina Silva in December 2007, in the wake of the increase in deforestation in the second half of 2007.

### FORTHCOMING EVENTS

#### SEPTEMBER

Technical meeting with the state governments of Rondônia, Mato Grosso and Pará, on capacity to fast-track the registration and environmental licensing of rural properties in soya areas

#### OCTOBER ONWARDS

2008/09 soya planting season begins

#### NOVEMBER ONWARDS

Monitoring by SWG of 2008/09 soya crop season

### WORK WITH US TO SAVE THE AMAZON

**There is no time to lose in preventing further Amazon destruction. The urgent need to stop dangerous climate change and stop further catastrophic loss of biodiversity requires the global food and agribusiness industries to take responsibility and engage without delay in developing solutions. Consumers are increasingly demanding that they do so. Nothing less than the future of the Amazon rainforest and of global climate stability depends on such actions. For this reason Greenpeace hopes that more businesses will commit to the alliance of consumer companies which brought about the moratorium, to help bring a halt to deforestation in the Amazon rainforest.**

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