



SLAUGHTERING THE AMAZON

SUMMARY



'Just as no country can solve climate change alone, harnessing the wealth of a forest spread over eight countries requires international co-operation. For that reason, in 2008 Brazil launched the Amazon Fund. Over \$20 billion will be raised to finance conservation and sustainable development. These resources will be used to curb illegal logging, but also to develop alternative livelihoods. Norway has already pledged \$1.1 billion over ten years for the fund. We hope others will follow.'

Brazil's President Luiz Inácio Lula da Silva, *The Guardian*, 28 March 2008

'Supporting competitive Brazilian companies in the international market is a primary objective of the Brazilian government, and for more than sixteen years BNDES has been participating in the successful effort of maintaining a market-based, competitive environment for Brazilian exporters.'

Brazilian National Development Bank website, 'Exports'

IN BRIEF

SLAUGHTERING THE AMAZON

GLOBAL ACTION TO TACKLE CLIMATE CHANGE

Brazil is the world's fourth largest producer of greenhouse gas (GHG) emissions.¹ The majority of emissions come from the clearance and burning of the Amazon rainforest. Globally, tropical forest destruction is responsible for around 20% of global GHG emissions.² Ending deforestation is an essential part of a global strategy to tackle climate change and to preserve biodiversity.

The major challenge, as identified by the World Bank, is to target the main economic drivers of deforestation at the 'agricultural frontiers, such as the Amazon'.³

World governments, multilateral funding agencies such as the World Bank and global corporations all have a role to play.

The Copenhagen Climate Summit, to be held in Denmark in December 2009, is the key opportunity for governments to agree measures to drastically reduce GHG emissions. Any effective deal must include actions and funding to tackle deforestation.

THE CATTLE SECTOR IN THE AMAZON IS THE SINGLE LARGEST DRIVER OF GLOBAL DEFORESTATION

EFFORTS TO HALT GLOBAL DEFORESTATION EMISSIONS MUST TACKLE THE BRAZILIAN CATTLE SECTOR IN THE AMAZON

The cattle sector in the Brazilian Amazon is the largest driver of deforestation in the world,⁴ responsible for one in every eight hectares destroyed globally.⁵ Efforts to halt global deforestation emissions must tackle this sector.

ZERO DEFORESTATION IS A SOCIAL AND ECOLOGICAL IMPERATIVE.

The world's forests maintain ecological systems that are essential for life. The cultural survival of many forest dwelling peoples and communities depends on the ongoing health of their forests. Forests also play a critical role in the preservation of biodiversity – over half of the world's land-based plant and animal species are found in forests.⁶

ZERO DEFORESTATION IS A CLIMATE IMPERATIVE.

Forests play a vital role in stabilising the world's climate by storing large amounts of carbon that would otherwise contribute to climate change.

The Amazon is estimated to store 80-120 billion tonnes of carbon.⁷ If destroyed, some fifty times the annual GHG emissions of the USA could be emitted.⁸

DESTRUCTION OF THE AMAZON, THE WORLD'S MOST IMPORTANT FOREST CARBON STORE, IS BEING DRIVEN BY THE CATTLE SECTOR.

The Brazilian Amazon has the greatest annual average deforestation by area of anywhere in the world.⁹

The cattle sector is the key driver of deforestation in the Brazilian Amazon.¹⁰ According to the Brazilian government: 'Cattle are responsible for about 80% of all deforestation' in the Amazon region.¹¹ In recent years, on average one hectare of Amazon rainforest has been lost to cattle ranchers every 18 seconds.¹²

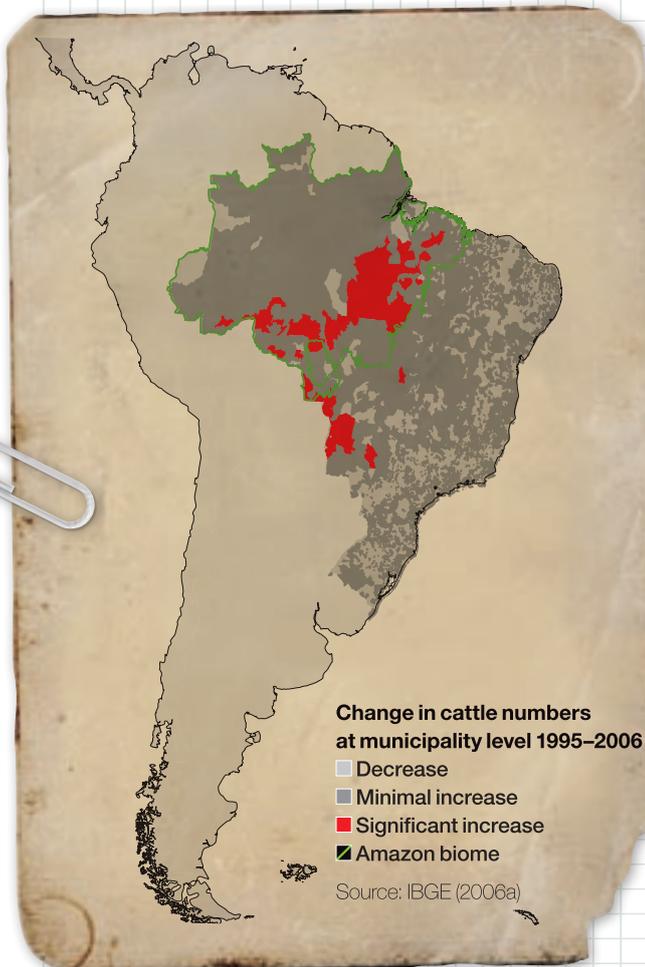
The cattle sector in the Brazilian Amazon is responsible for 14% of the world's annual deforestation.¹³ This makes it the world's largest driver of deforestation, responsible for more forest loss than the total deforestation in any country outside Brazil except Indonesia.¹⁴

THE BRAZILIAN GOVERNMENT FORECASTS DOMINATION OF THE GLOBAL BEEF TRADE

Brazil has the world's largest commercial cattle herd¹⁵ and is the world's largest beef exporter.¹⁶ With China, it shares the position of top exporter of tanned leather.¹⁷ The Brazilian government forecasts a doubling of Brazil's share of global trade in beef products by 2108.¹⁸

The Brazilian cattle sector has seen rapid export-oriented growth over the last decade.¹⁹ Exports of beef and veal from Brazil increased almost six-fold in volume between 1998 and 2008.²⁰ By 2008, nearly one in every three tonnes of beef traded internationally came out of Brazil.²¹ The total value of the cattle trade for Brazil was \$6.9 billion²² in 2008, with leather representing more than a quarter of that value.²³

By 2018, the government foresees Brazil supplying almost two out of every three tonnes of beef traded internationally.²⁴



THE BRAZILIAN GOVERNMENT IS BANKROLLING THE EXPANSION OF THE CATTLE SECTOR IN THE AMAZON

To aid Brazil's domination of the global market for agricultural commodities including beef, the Brazilian government is investing in all parts of the supply chain, from farm-level production to the international market.

BRAZIL IS OFFERING CREDIT WORTH \$41 BILLION TO FARMERS TO BOOST PRODUCTION.

In July 2008, Brazil's President Lula announced the 2008/2009 Agricultural and Livestock Plan, which made available \$41 billion in credit lines to boost agricultural and livestock production. 85% of this credit was designated for corporate agriculture.²⁵

CATTLE EXPANSION IS CONCENTRATED IN THE AMAZON REGION, WHERE LACK OF GOVERNANCE MEANS LAND AND LABOUR ARE CHEAP.

Successive reports by the World Bank, the Brazilian government and research institutes, and analysis by Greenpeace consistently conclude that cattle ranching occupies about 80% of all deforested land in the Amazon region.²⁶

The largest economic incentive for the expansion of Brazil's cattle sector into the Amazon is lack of governance:²⁷ contributing factors include corruption, disorganisation, limited capacity and lack of coordination between government departments.

Analysis by Greenpeace of 2006–2007 satellite data and forest clearance permits reveals that more than 90% of current Amazon deforestation was illegal.²⁸

GOVERNMENT LAWS ARE SET TO INCREASE THE AVAILABILITY OF LAND – LEGALISING INCREASED DEFORESTATION.

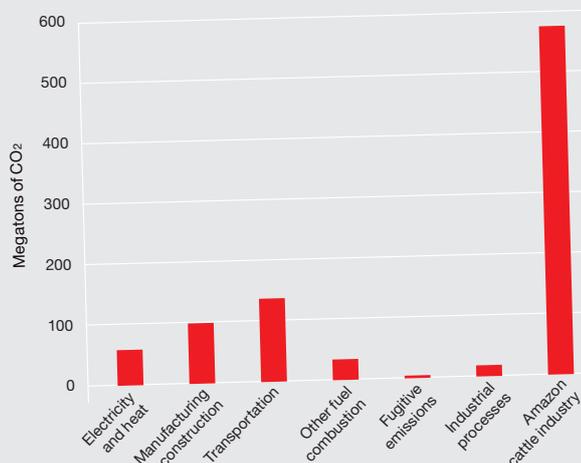
Land grabbing in the Amazon is rampant. Land titles in the Amazon region are in disarray, with the legal status of roughly half the area uncertain.²⁹

Rather than fixing the problem, a bill before the Brazilian Congress would reward land grabbers by giving them property rights for illegally occupied land.³⁰

A second bill³¹ before the Brazilian Congress proposes to more than double the percentage of forest that can be cleared legally within a property.

If passed, the effect of both these bills would be to legalise increased deforestation.

BRAZILIAN CO₂ EMISSIONS BY SECTOR



Source: WRI CAIT v6.0
Source for cattle industry - see text and notes



THE BRAZILIAN GOVERNMENT PART-OWNS THE GLOBAL CORPORATIONS EXPANDING IN THE AMAZON

THE BRAZILIAN GOVERNMENT HAS SHARES IN GLOBAL BEEF AND LEATHER PRODUCERS.

Through the Brazilian National Development Bank (BNDES), the finance arm of the Brazilian Ministry of Development, Industry and Foreign Trade, the Brazilian government has formed strategic alliances with the handful of global players in the cattle sector.

Between 2007 and 2009, these players – who account for up to 50% of Brazil's beef exports market – received \$2.65 billion from the BNDES,³² in exchange for Brazilian government shares in the companies.

The three processors receiving the lion's share of Brazilian government investment – Bertin, JBS and Marfrig – include one of the world's largest leather traders,³³ the world's largest beef trader (controlling at least 10% of global beef production),³⁴ and the world's fourth-largest beef trader, respectively.³⁵

Expansion by these groups is effectively a 'joint venture' with the Brazilian government.

These companies see the financial crisis as an opportunity to build global market share. Without Brazilian government money, the ability of these players to continue building a global trade empire founded on the export of cattle products from the Amazon would have been reduced.

To bolster Brazil's share of global trade,³⁶ the government is providing capital for expansion of cattle processing infrastructure in the Amazon region.³⁷

In a loan assessment for Bertin, the International Finance Corporation (IFC), the private lending arm of the World Bank, warned of the risks of fuelling deforestation by expanding slaughterhouse capacity in the region. A World Bank auditor concluded: *'[Bertin's Marabá slaughterhouse expansion] project poses a grave risk to the environment and to the Bank's reputation.'* Nevertheless, the IFC invested \$90 million in Bertin in one of the most high-risk regions of the Amazon.³⁸

GREENPEACE EXPOSES THE BLIND CONSUMPTION OF THE PRODUCTS OF AMAZON CRIME

BRAZILIAN GOVERNMENT 'JOINT VENTURES' ARE MARKETING SLAVERY AND FOREST DESTRUCTION

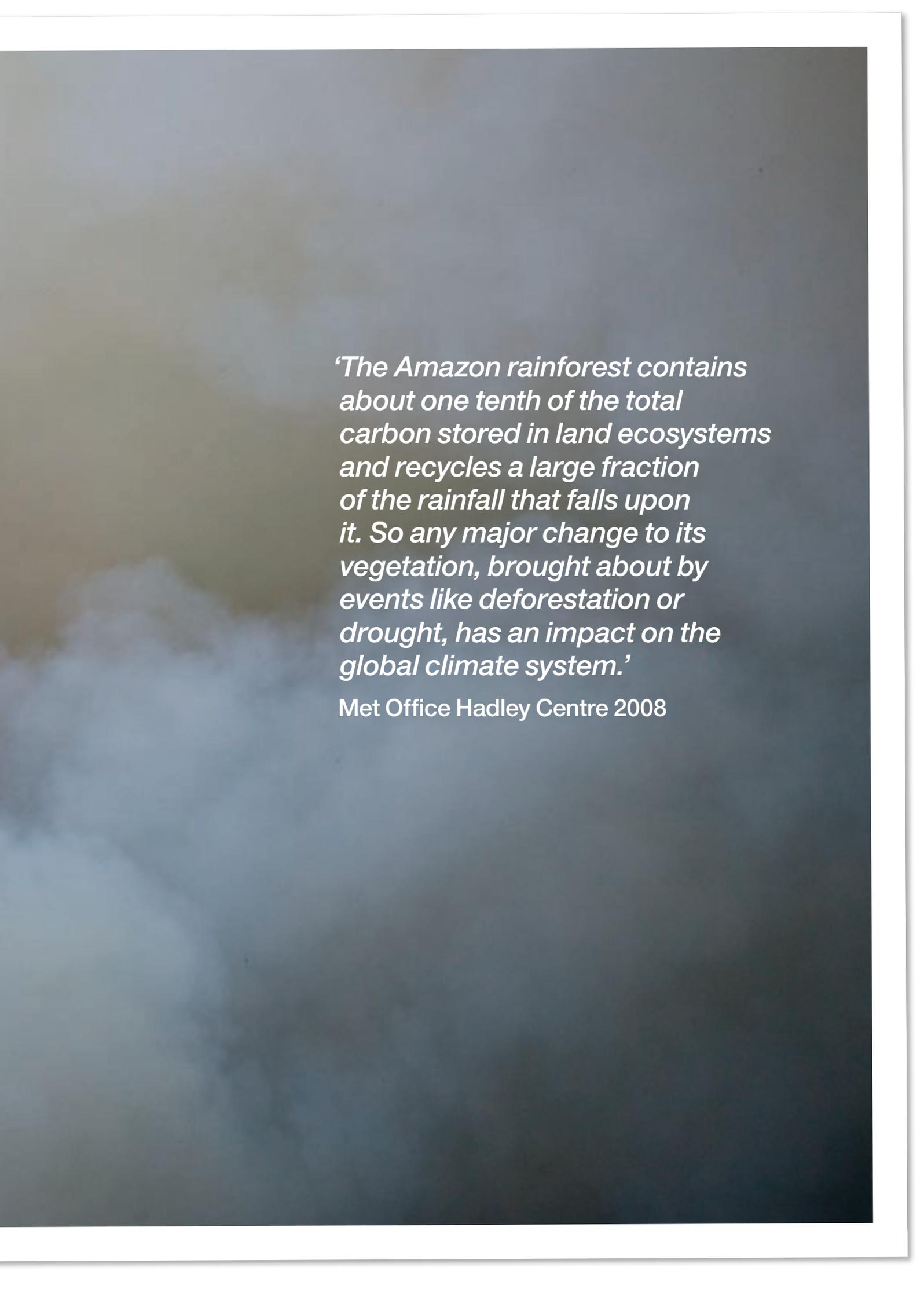
Greenpeace has tracked the trade in cattle products back from the export-oriented processing facilities of Bertin, JBS and Marfrig in the south of Brazil to three frontiers of deforestation in the Amazon.

While the Blue Chip companies behind reputable global brands appear to believe that Amazon sources are excluded from their products,³⁹ Greenpeace investigations expose for the first time how their blind consumption of raw materials fuels deforestation and climate change.

Greenpeace undercover investigations have unpicked the complex global trade in beef products from part-Brazilian-government-owned corporations – Bertin, JBS and Marfrig. Greenpeace has identified hundreds of ranches within the Amazon rainforest supplying cattle to slaughterhouses in the Amazon region belonging to these companies. Where Greenpeace was able to obtain mapped boundaries for ranches, satellite analysis reveals that significant supplies of cattle come from ranches active in recent and illegal deforestation. Trade data also reveal trade with ranches using modern-day slavery. Additionally, one Bertin slaughterhouse receives supplies of cattle from an illegal ranch occupying Indian Lands.

These slaughterhouses in the Amazon region then ship beef or hides to company facilities thousands of kilometres away in the south for further processing before export. In a number of cases, additional processing takes place in import countries before the final product reaches the market. In effect, criminal or 'dirty' supplies of cattle are 'laundered' through the supply chain to an unwitting global market.





‘The Amazon rainforest contains about one tenth of the total carbon stored in land ecosystems and recycles a large fraction of the rainfall that falls upon it. So any major change to its vegetation, brought about by events like deforestation or drought, has an impact on the global climate system.’

Met Office Hadley Centre 2008



THE 'LAUNDRY LIST': GLOBAL BRANDS ARE SILENT PARTNERS TO CRIME

Our evidence links an Amazon-contaminated supply chain to suppliers to many reputable global brands and retailers, including a long list of international Blue Chip companies: Adidas, BMW, Carrefour, EuroStar, Ford, Honda, Gucci, IKEA, Kraft, Nike, Tesco, Toyota, Wal-Mart. The public sector is also exposed; our findings link the chain to suppliers to the UK National Health Service (NHS),⁴⁰ and to a supplier in the Middle East whose customers include the British, Dutch, Italian, Spanish and US military forces.⁴¹

THE TOUR DU MONDE – AMAZON CATTLE PRODUCTS GET AROUND THE WORLD IN 80 WAYS

Our undercover investigations have taken us on a tour of the world:

China: Globally, about half of leather production is for shoes.⁴² China is the world's largest producer and exporter of shoes, producing nearly 60% of the world's total output in 2006.⁴³ Bertin is a major exporter of leather to China. Greenpeace undercover investigations reveal manufacturers producing trainers for Nike and Adidas/Reebok being supplied by leather finishers that are direct customers of Bertin.

USA: Furniture and vehicle upholstery is the second-largest use of leather.⁴⁴ Production of leather vehicle interiors is outsourced to leather processors such as US-based Eagle Ottawa. Eagle Ottawa accounts for 20% of all leather used globally for vehicle upholstery.⁴⁵ Bertin is an exclusive supplier to Eagle Ottawa,⁴⁶ which absorbs 30% of Bertin's leather exports.⁴⁷ Eagle Ottawa supplies BMW, Ford, Honda, Toyota and many others.⁴⁸

Italy: Italy is the centre of high-quality leather production for the fashion market. Italy is the world's second largest leather shoe exporter in terms of value.⁴⁹ Handbag lines are the star of Italy's leather export industry, accounting for nearly two thirds of the trade value of Italian leather goods.⁵⁰ The two leading Italian leather processors, Rino Mastrotto Group (RMG) and Gruppo Mastrotto (GM), receive regular supplies of leather from Bertin.⁵¹ Customers of these processors include Boss, Geox, Gucci, Hilfiger, Louis Vuitton and Prada.⁵²

JBS has a 50% stake in the beef production and beef by-products division of Gruppo Cremonini. Among other customers, Cremonini is exclusive supplier to the Italian Railway (Trenitalia, EuroStar





Group, Cisalpino AG) and supplies the French railway companies SNCF and Thalys International.⁵³ JBS and Marfrig supply Cremonini in Italy.⁵⁴

UK: The convenience food market and the food service industry are changing what we eat, where we eat and how we shop. The UK ready-meal market is 'the most advanced in Europe'.⁵⁵ 'Sales of ready meals, both frozen and chilled, represent 7% of all main meal occasions in the UK.'⁵⁶ The UK imports 40% of its processed beef (prepared, cooked or tinned) from Brazil.⁵⁷ Nearly 90% of this comes from Bertin, JBS or Marfrig.⁵⁸

Brazil: Brazil is an emerging market. According to Unilever, 'Consumer spending is growing faster in [developing and emerging] markets than in developed markets.'⁵⁹

In Brazil, three supermarket giants – Carrefour, Walmart and Cia Brasileira de Distribuição⁶⁰ (known as Grupo Pão de Açúcar and affiliated to the French Casino group) – control nearly 40% of the sector.⁶¹ Bertin, JBS and Marfrig supply various fresh and processed products to Brazil and other emerging markets

Unilever is the biggest 'staples' player in developing and emerging markets, including Brazil,⁶² where sales of health and beauty and cleaning products are rising. Many of these products contain by-products of cattle processing, such as glycerine. According to Bertin, the global personal hygiene market is worth \$269 billion, and Brazil has the third-biggest share in this market.⁶³ Unilever, Colgate Palmolive and Johnson & Johnson are all listed as key customers of Bertin Hygiene and Beauty products in Brazil.⁶⁴

IN CONCLUSION: WHAT KIND OF WORLD LEADER IS BRAZIL?

PART OF THE PROBLEM OR PART OF THE SOLUTION?

Brazil presents itself as a global leader on action to cut deforestation. At the 2008 international climate summit in Poznań, the Brazilian government announced its National Climate Change Plan, including a pledge to pursue 72% cuts in the rate of deforestation by 2018. These cuts, which it claims will prevent the emission of 4.8Gt CO₂,⁶⁵ are to be achieved largely by tackling illegal deforestation.⁶⁶

However, the Brazilian government is a funder and shareholder in the major players in the cattle sector in the Amazon⁶⁷ – the single largest driver of global deforestation. The Brazilian government has \$2.65 billion in shares in global beef and leather processors who profit from the cheap supply of cattle reared on areas of the Amazon that have been illegally destroyed. Projected growth in exports over the next decade is set to create further pressure on the region.

Additionally, legislation before the Brazilian Congress seeks to grant land grabbers legal property rights⁶⁸ and to more than double the percentage of forest that can be cleared legally within a property.⁶⁹ Rather than cutting deforestation rates, this will lead to increased legal deforestation.

Brazil is not alone in driving Amazon deforestation. Nor can it take sole responsibility for fixing the problem.

The World Bank identifies the economic drivers of deforestation at the 'agricultural frontiers, such as the Amazon' as the major challenge in terms of action on climate.⁷⁰

Given the global trade in agricultural commodities driving deforestation, considerable responsibility for action lies with Blue Chip corporations behind reputable global brands whose blind consumption of raw materials in their supply chains fuel deforestation.

Further responsibility for supporting a shift away from high carbon activities lies with multilateral institutions such as the World Bank itself, whose private lending arm, the IFC, has financed expansion by Bertin at the 'agricultural frontier' of the Amazon rainforest.

FUNDING FOREST PROTECTION IS KEY TO MEETING THE CLIMATE CHALLENGE

Brazil is clear that its ability to reach its target on reducing deforestation depends on the provision of international funding from rich countries. To this end, the government established an Amazon Fund, to which Brazil's Minister of Environment Carlos Minc has said that he is hoping for funds of \$21 billion by 2021.⁷¹

Yet in May 2009, only \$110 million had been made available – part of a \$1 billion package the government of Norway announced in 2008, to be paid by instalments until 2015. As of the end of March 2009, Germany is the only other donor committed to the fund, announcing a contribution of €18 million (\$24.7 million).⁷²

The devastating example of the destruction of the Amazon rainforest outlined in this report is just one of the tragic realities facing forests worldwide. While the cattle sector in the Amazon is the single largest driver of deforestation in the world, other industries in other regions of the world must be tackled.

As the Carbon Disclosure Project (CDP) – a partnership of many of the Blue Chip companies identified in this report – has concluded: 'It is only through collaborative global action which takes the long-term view'⁷³ that the climate challenge will be met.

Currently, industries in Europe and the USA are issued permits giving them allowances for a set amount of emissions, eg from manufacturing or fossil fuel energy generation.

Following the principle that the polluter pays, Greenpeace proposes that companies should pay for a portion of their GHG emissions permits. Revenues generated would go to a Forests for Climate fund to provide financing for developing countries to protect forests.⁷⁴ This fund would provide economic incentives to tackle deforestation and put a value on standing forests. It would reward countries with verified reductions in deforestation rates. The fund would be targeted at forest areas with high biodiversity values and at creating and preserving sustainable livelihoods for forest communities as a long-term means of forest protection. As the fund would be open to all countries with vulnerable forests, it would prevent leakage – the shifting of deforestation by global industries from one forest region of the world to another.

Part of the global deal to protect the climate must be to get an agreement to provide long-term funding for the protection of the world's rainforests. The Copenhagen Climate Summit in December 2009 is a critical opportunity to agree measures and mechanisms including funding to combat global deforestation.

If this effort fails, the next crisis will not be a temporary economic downturn but an irreversible climate catastrophe.



PROTECT THE CLIMATE: DEFEND THE AMAZON

CLEAN UP THE CATTLE TRADE

Stop trading with ranchers or companies engaged in Amazon deforestation.

Stop funding companies implicated in forest destruction.

STOP DEFORESTATION

Support an immediate moratorium on further Amazon deforestation.

Support measures to achieve Zero Deforestation in the Brazilian Amazon by 2015 and globally by 2020.

PROTECT THE CLIMATE

Support a strong climate protocol in Copenhagen in 2009, including a mechanism to fund forest protection.

'We have put men on the moon, we have created the industrial and the technological age, we have built awesome engineering projects and we have the capacity to develop the solutions to stop dangerous climate change. It is only through collaborative global action which takes the long term view, rather than focusing on short term gain, that we will be able to solve this challenge – but solve it we must and we must work to solve it today.'

The Carbon Disclosure Project

Companies belonging to the Carbon Disclosure Project mentioned in this report include:



GREENPEACE

June 2009

Published by Greenpeace International
Ottho Heldringstraat 5
1066 AZ Amsterdam
The Netherlands

**enquiries@int.greenpeace.org
www.greenpeace.org/forests**

Greenpeace is an independent global campaigning organisation that acts to change attitudes and behaviour, to protect and conserve the environment and to promote peace.

Greenpeace is committed to stopping climate change.

We campaign to protect the world's remaining ancient forests and the plants, animals and peoples that depend on them.

We investigate, expose and confront the trade in products causing forest destruction and climate change.

We challenge governments and industry to end their role in forest destruction and climate change.

We support the rights of forest peoples.

Credits Exec Summary Amazon Report 2009

Page 2
Beltra/Greenpeace

Page 5
Beltra/Greenpeace
Beltra/Greenpeace
Funari/Lineair

Page 6/7
Beltra/Greenpeace

Page 8
Funari/Lineair
Funari/Lineair

Page 9
Greenpeace Investigations

Page 10
Beltra/Greenpeace