



GREENPEACE

EATING UP THE AMAZON

April 6, 2006

An ongoing investigation by Netherlands-based Greenpeace International of Brazil's booming soy industry uncovers new evidence linking U.S. multinationals to deforestation, land theft, and slavery in the Amazon. By building soy silos and terminals at the rainforest edge, funding the paving of illegal roads, and buying soy from illegally cleared and operated farms, including farms with a documented record of slave labor, Cargill, ADM and Bunge are both spurring and profiting from the soy plunder of the Amazon.



Executive Summary

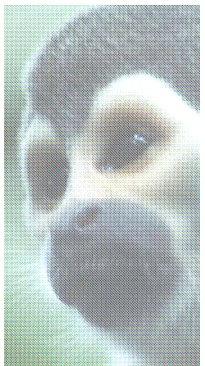
The Amazon rainforest is one of the richest and most biologically diverse regions on the planet—home to nearly ten percent of all known mammals and fifteen percent of terrestrial plants. It is also among the world's most threatened ecosystems, vanishing at a rate of nearly 7,000 mi² per year. In the last 25 years, an area of ancient forest larger than California has been lost forever from the Amazon.



In recent years, the Brazilian Government has taken important steps to combat illegal logging and other causes of Amazon deforestation. At the same time, a significant new threat has emerged at the forefront of Amazon destruction: the soybean. Massive investments by U.S. agribusiness have made the Amazon forest Brazil's newest agricultural frontier. By 2004, nearly three million acres of rainforest had been converted to soy agriculture. Although this represents only five percent of the total area currently under soy production in Brazil, and many older soy plantations were converted from already deforested ranchlands, new investments in roads, silos and frontier ports by Cargill and others are making it more profitable to burn virgin forest than buy already cleared land, and driving soy's expansion into the Amazon at an ever faster pace. This expansion comes at the expense not only of the forest itself, but of the indigenous and local people forced from their land to make way for soy, and of the rural poor duped or forced into slavery to clear that land.



Although several media reports have examined one aspect or another of the soy phenomenon, to date, there has been no comprehensive analysis of the causes and effects of soy agriculture. Starting in 2004, Netherlands-based Greenpeace International undertook that analysis—conducting field investigations and aerial surveillance, interviewing affected communities, industry and political actors, analyzing satellite and export data, tracking shipments to the international market and following both the money and the soy. Our two-year investigation looked beyond the fields and forests of Brazil to trace the entire soy chain from its beginnings in North American boardrooms to its ends in the feedlots, restaurants and supermarkets of Europe. This report presents our preliminary findings. It paints a stark portrait of a booming but devastating industry, including compelling new evidence of the role of American companies and unwitting European consumers in the destruction of the Amazon rainforest, and the displacement and enslavement of those who call it home.



Many actors, both within and outside Brazil, have been complicit in the conversion of the Amazon for soy agriculture. Yet, the trails we followed led repeatedly to three U.S. agribusiness giants at the very heart of Amazon destruction—Archer Daniels Midland (ADM), based in Decatur, Illinois, St.Louis-based Bunge Corporation, and most significantly,



Minnesota-based Cargill. By providing everything from seeds and fertilizers to the transport and storage infrastructure needed to access global markets, these companies act as magnets drawing farmers into the Amazon. They are not simply the drivers of soy agriculture, however, but key links in the chain of illegal construction, land theft and forced labor that make Amazon soy so cheap for European consumers, and so costly for everyone else. Greenpeace evidence documents how U.S. companies are building ports, silos and other facilities for soy in the expectation that forests will be cleared to feed them, and buying soy from farms involved in land grabbing, illegal land-clearing, and slave labor.

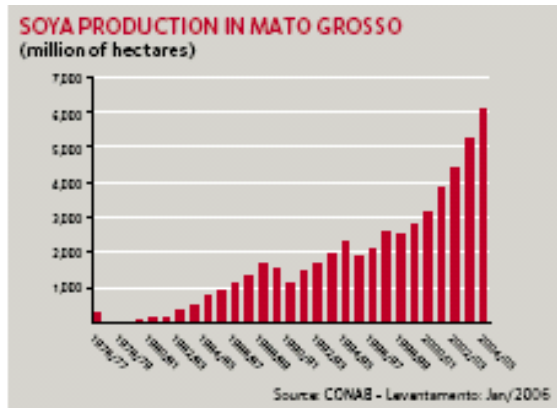
The majority of Brazilian soy is being shipped to Europe, where it is used in animal feeds to ensure that Chicken McNuggets and other meats remain cheap and abundant for European consumers.

Key Findings

Soy is Now the Leading Cause of Amazon Deforestation

With global demand for soy on the rise and limited room left for expansion in the grass and scrublands to the south, soy is now leading the advance of the agricultural frontier into the Amazon rainforest, making it the leading cause of deforestation today.

Within the space of a few years, the state of Mato Grosso has become the largest soy producing state in Brazil, accounting for nearly a third of Brazil's total harvest in 2004. More than half of Mato Grosso—whose name literally means “thick jungle”—lies within the Amazon biome, yet that name becomes less appropriate with each passing year. The area under soy cultivation in Mato Grosso has doubled since 1996 and the state leads Brazil in deforestation and forest fires, accounting for nearly half of all Amazon deforestation in 2003. One-third of the rainforest has now been cleared to make way for the advancing agricultural frontier.



Cargill, ADM and Bunge—Big Profits, Dirty Hands

What makes the soy industry's assault upon the Amazon even more damaging than previous incursions is that U.S.-based multinationals are providing potential soy growers with cheap credit and guaranteed markets that give them both the incentive and the resources to buy and clear land on the massive scale soy plantations demand.

World trade in and processing of soy is controlled by a handful of global commodity traders who also often control other aspects of the food chain: ADM, Bunge and Cargill. In Brazil, these corporations act not only as buyers, but as bankers, together accounting for 60% of the total financing of soy production in the country. Bunge alone provided nearly \$1 billion worth of inputs to Brazilian farmers in 2004. Instead of offering loans, they provide farmers with seed, fertilizer and chemicals in return for the soy at harvest, giving the companies indirect control over huge swathes of land.



More importantly, by building critical storage and transportation infrastructure at the edge of the forest, these companies are intentionally pushing the soy frontier ever deeper into the Amazon.

The Soy Highways: On a Road to Nowhere

The development of infrastructure – in particular roads – through unprotected public lands is an open invitation to land-grabbers and farmers to deforest land in the vicinity. Eighty-five percent of all deforestation occurs within 30 miles (50 km) of a roadway.

This impact is exemplified by development along BR163, a stretch of road from Santarém to Cuiaba in Mato Grosso. In recent years, soy production along the paved section of BR163 has exploded from roughly 6000 acres in 2002, to more than 111,000 acres in 2005—a nearly twenty-fold increase in three years. Large-scale deforestation stops roughly where the paved road ends, just south of the border of Pará state. Both Cargill and Bunge have bought soy from farms in the area of the road. More seriously, Cargill, ADM and Bunge are all financial partners in a \$175 million project to pave the remaining section of BR163, thus speeding access to a new port facility constructed by Cargill in Santarém (see below).

A second, illegally-constructed *soy highway* stretches 75 miles (120km) from the town of Feliz Natal before ending abruptly at the western boarder of the Xingu Indigenous Park. Both Cargill and Bunge have built 60-ton storage silos along this “road to nowhere”, and offer credit and guaranteed markets to any farm cleared in the region. In the last two years, more than 100,000 acres of soy have gone into production near the road, and Greenpeace found another 247,000 acres for sale on the internet. Greenpeace has documented that both Cargill and Bunge are buying soy from these new farms.

Our analysis of satellite data shows that the soy highway will affect nearly 2.5 million acres of rainforest in the region. This figure takes into account only the direct impacts of deforestation. The indirect impacts produced by chemical runoff and population growth will be far greater.

Soy Infrastructure: If You Build It, They Will Come

Beyond financing new roads and farms in the Amazon, U.S. agribusiness is building the industrial infrastructure necessary to sustain soy production on a massive scale. Together, ADM, Bunge and Cargill have constructed 23 silos, storage facilities, ports and transfer terminals in and around the Amazon frontier, accounting for nearly two-thirds of all such facilities in the region.

Cargill is the most serious offender. In addition to 13 silos scattered throughout the Amazon biome, Cargill has constructed a massive and illegal port facility in the frontier city of Santarém. Cargill projects that 2–3 million tons of soy a year will be trucked into its Santarém plant once the BR163 has been paved—a volume of exports that demands and assumes a huge increase in soy cultivation, and deforestation, in the region.

Eager to open a northern route for soy exports to the coast, Cargill constructed the \$20 million terminal over the objections of local people, without conducting the environmental impact assessments required by Brazilian law and despite a civil action by Brazil’s Ministry of Public Prosecution to stop the terminal’s construction. In November 2003, the Court of Final Instance ruled against Cargill, even as the company completed work on the facility. The following month, federal prosecutors launched a legal action to have the terminal demolished and Cargill’s activities in Santarém immediately suspended until a decision could be reached. In May 2004, the federal judge in Santarém ordered Cargill to carry out an environmental assessment, but the

company again refused, proclaiming “No, we will be doing no EIA!” Finally, in February 2006, Brazil’s second highest court ruled against Cargill, stipulating that the company must comply with Brazilian law and complete an EIA not only for the port terminal but for its impacts on the surrounding region as well. Operations at the terminal continue.

Links to Land Grabbing and Slave Labor

The drive to bring new land into soy production has stimulated land grabbing on a massive scale, with millions of acres of land already transferred to big farms by fraudulent and often violent means. The chief victims of this land theft have been the indigenous peoples and small landholders who depend on the forests for their survival. For example, the Membecca Farm in Brasnorte, Mato Grosso, has illegally cleared thousands of acres of forest inside the territory of the indigenous Manoki people since 2003, and continues to clear new land to expand its soy plantations. Both Cargill and Bunge have installed silos in Brasnorte, and both have bought soy from the Membecca Farm. Cargill ships soy from the area through its illegal port in Santarém.

The states at the forefront of the soy expansion into the Amazon also lead Brazil in the number of slave laborers working in their farms, fields and forests. Brazilian officials estimate at least 8,000 people are held in slavery in the country, with the majority of slaves found in Mato Grosso and Pará.¹ Lured to remote farms by the promise of good pay for honest work, poor people from both rural areas and cities are ensnared in a web of debt bondage and inhumane working conditions, far from the oversight or protection of federal authorities. Although Brazil has encouraged major companies to support its anti-slavery efforts by signing the National Pact for the Eradication of Slave Labor, neither ADM nor Bunge nor Cargill have done so. As Greenpeace documented, this is a failure not only in word, but in deed.

On the 370,000 acre Roncador Farm in Querência, Mato Grosso, where more than twice the legal limit of forest cover has been cleared, government inspectors freed 215 slave laborers between 1998 and 2004. Working 16 hour days, seven days a week, workers were forced to live in plastic shanties without beds or sanitation. Water for drinking, cooking and bathing was drawn from a cattle watering hole and stored in barrels once used for diesel oil and lubricants. Unable to leave the farm, and forced to buy food from the farm shop at extortionate prices, workers were held in debt bondage until the government intervened. Even as the farm owners are being prosecuted, Roncador continues to grow soy for the market. Both Cargill and Bunge have set up operations in Querência, and Bunge had documented exports from the region as recently as 2005.

Both Cargill and Bunge also bought soy from the Vó Gercy Farm in Mato Grosso at the time the farm was raided by government labor inspectors in June 2002. Even though inspectors found slaves clearing land for soy crops, Cargill continued to do business with Vó Gercy at least nine months after the raid.

Bunge bought soy from the Tupy Barão Farm in February 2003, 16 months after government inspectors freed 69 workers being held on the farm against their will. Tupy Barão Farm remains on the government’s Dirty List of farms that use slave labor and other illegal labor practices. Both Cargill and ADM also purchased soy from Vale do Río Verde Farm in Mato Grosso, where Brazilian government inspectors found 263 laborers in illegal debt bondage in June 2005.

¹ The International Labor Organization, a United Nations agency specializing in human and labor rights, believes the figure may be far higher, estimating as many as 25,000 people held in forced labor in Brazil. ILO 2005. A Global Alliance Against Forced Labor. (ILC 93d Sess. 2005, Rpt. I (B)).

The role of major U.S. companies in the deforestation of the Amazon, and the displacement and enslavement of those who live there, is summarized in the table below. As the table demonstrates, Cargill, ADM and Bunge are not the only bad actors in the Brazilian soy industry, but they are the largest and the worst, with Cargill holding primacy of place in both respects.

MAJOR TRADERS IMPLICATED IN ILLEGAL PRACTICES AND AMAZON DESTRUCTION

	ADM	Bunge	Cargill	Grupo André Maggi
Built infrastructure in the Amazon				
Number of silos within the Amazon biome	4	6	13	13
Port and storage facilities			●	●
Illegal export facilities - Santarém			●	
Received international financing				
Public banks – International Finance Corporation (IFC), World Bank				●
Private banks – Rabobank, HSBC, etc				●
Bought from farms involved in land grabbing				
Membeca Farm – Manoki indigenous land, Amazon biome		●	●	
Lavras Farm – Amazon biome			●	
Bought from farms inside proposed protected areas				
Rio Azul Farm – Parque Estadual das Castanheiras	tbc*	tbc*	tbc*	tbc*
Bought from farms employing slave labour				
Roncador Farm – Amazon biome	tbc*	tbc*	tbc*	tbc*
Vô Gercy Farm – Cerrado		●	●	●
Tupy Barão Farm – Amazon biome		●		●
Vale do Rio Verde Farm – Cerrado	●		●	●
Bought from farmers along illegal soya highway				
Saul Stefanello – Amazon biome			●	
Giovani Zamberlan – Amazon biome			●	
Eliseu Zamberlan – Amazon biome		●	●	
Agenor Favarin – Amazon biome		●		
Bought from farms planting GM soya				
Antonio Galvan, President of the Agricultural Union of Sinop – Amazon biome	●	●	●	●
São Carlos Farm – Amazon biome	●	●	●	●

*tbc - to be confirmed

Profiteering Beyond Borders: Impacts on American Farmers

Cargill's role in this shameful enterprise is particularly ironic given that Brazilian soy competes directly with the American farmers upon which Cargill, one of America's largest private companies, built its business and its fortune. For decades, global soy markets were supplied primarily by the United States. Until the early 1980s, the United States accounted for more than 90% of worldwide soy exports. By the end of that decade, however, U.S. dominance in soy markets began to slip as soy development efforts in Latin America by Cargill and others began to bear fruit. By 2003, U.S. market share had fallen to only 40%, and combined soybean exports from Argentina and Brazil surpassed U.S. exports for the first time. While the United States

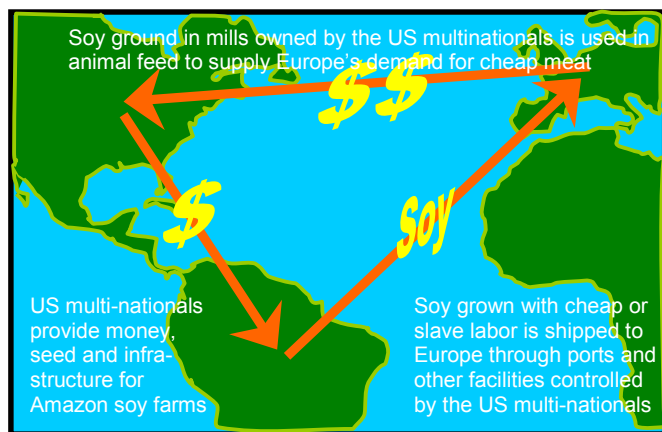
remained the largest soy exporter in 2004, with a combined 36.3 million metric tons of soybean and soymeal exports, its lead over second place Brazil (35.1 mmt) had fallen to just over one million metric tons, and is projected to disappear completely within the next few years.

With the dramatic growth in soy production in Latin America, competitive pressure on U.S. farmers is increasing, leading many farmers to abandon soybeans for other, more profitable crops.² Ironically, many of these farmers are now being recruited south to grow soybeans in Brazil, on Cargill's turf and Cargill's terms.

Conclusions and Demands

The dramatic expansion of soy agriculture presents the most serious of many serious threats to the future of the Amazon. The soy boom is devastating not only the forest itself, but the indigenous and traditional inhabitants forced off their lands to make way huge soy farms, the working poor compelled to clear and farm those lands under slave labor conditions, and the rural communities whose lands and water are turned to dust and poison by the spread of mechanized, chemical-intensive soy monocultures. Amazon soy is not sustainable development, it is piracy and profiteering whose sole beneficiaries are the global companies that drive the trade—a triangular trade for the 21st century.

Soy: A Triangular Trade for the 21st Century



The market needs to change:

- Companies involved in the food and feed industries must ensure that they are not using soy from the Amazon, and must urgently develop legal, environmentally responsible and socially just sourcing policies. This includes putting in place trace-ability systems to verify where a product's ingredients are sourced from, the conditions in which they are produced, and the overall impact of their production.
- Major soy traders, including Cargill, ADM and Bunge, must stop buying soy from the Amazon biome.
- All three companies must sign Brazil's National Pact for the Eradication of Slave Labor, and commit to chain-of-custody sourcing to ensure soy comes from legal lands not cleared or farmed using slave labor.
- Cargill must comply with the federal prosecutor's demand to close and dismantle the illegal soy terminal at Santarém.

² Prospective planting estimates just published by the USDA suggest that high fuel prices may change this calculus in 2006, as more costly inputs for corn and small grains cause some farmers to shift to soy for the season, bucking long-term declines projected by USDA's Economic Research Service. Source: USDA NASS (2006). Online at <http://usda.mannlib.cornell.edu/reports/nassr/field/pcp-bbp/pspl0306.pdf>. (Accessed April 4, 2006)