

## The impact of the Cargill soybean terminal in the Amazon town of Santarém

US-based multinational Cargill constructed a grain terminal in the Brazilian Amazon town of Santarém without proper environmental licensing. This attracted a large number of migrant farmers who acquired and deforested land – often illegally – to produce soy. Local communities suffer from degradation of forest and water resources, and in many cases lost their land without proper compensation.

### Soy in the Amazon

Soybean is Brazil's top agricultural export product and is produced in most Brazilian states. In the Amazon, approximately 1 million hectares are planted with soy, accounting for 6% of Brazil's total soy production. Northern Mato Grosso is the most important Amazon production region, followed by Rondônia, Tocantins, Maranhão and Pará. Since transportation costs to export ports determine to a large extent the competitiveness of Brazilian soy, areas close to such ports increasingly attract soy farmers, even though the soil and climate may not be ideally suited to cultivation of the crop. A good example are the wet savannahs in Amazonas state near Humaitá, where soy expansion collapsed because of problems with humidity and soil fertility.

According to the Brazilian Forest Code (*Código Florestal*), 80% of the original vegetation cover in the Amazon has to be maintained as reserves and only 20% of an Amazon forest property may be cleared. Due to insufficient [control and] enforcement of the ruling in the vast Amazonian states, however, there is a widespread tendency for monoculture (soybean, rice, cattle) to exceed this percentage. The lack of clarity over land tenure, especially in Pará, has resulted in many land transactions being contested or outright fraudulent. Uncertainty over tenure and the lack of state intervention have left indigenous and other traditional communities powerless to resist displacement. They usually end up in slums or deeper in the forest with no access to markets or social services.



The Cargill terminal in Santarém. © Alberto César / Greenpeace

### The Cargill Grain terminal

In the late 1990s, when Brazilian soy exports were booming, Cargill decided to construct a grain terminal on the banks of the Tapajós River in the state of Pará, at the end of the BR-163 highway, to facilitate the export of soybeans from Mato Grosso. In 1999, Cargill was ordered by the Santarém Federal Court to suspend the construction of the facility until a proper environmental impact assessment had been approved by the relevant authorities. Pending appeal, Cargill continued the construction of the port, which was inaugurated in 2003. That same year, the Federal Tribunal in Brasília confirmed the previous verdict and once again ordered the port to be closed down and environmental damages to be compensated. Cargill filed an appeal with the Supreme Court and continued operations. In March 2007, the Supreme Court ruled that Cargill had indeed operated illegally. The port was subsequently shut down by the Federal Authorities. Twenty days later – after Cargill pledged to carry out the environmental impact assessment within six months and under great pressure from local soybean producers – the port was allowed to reopen.

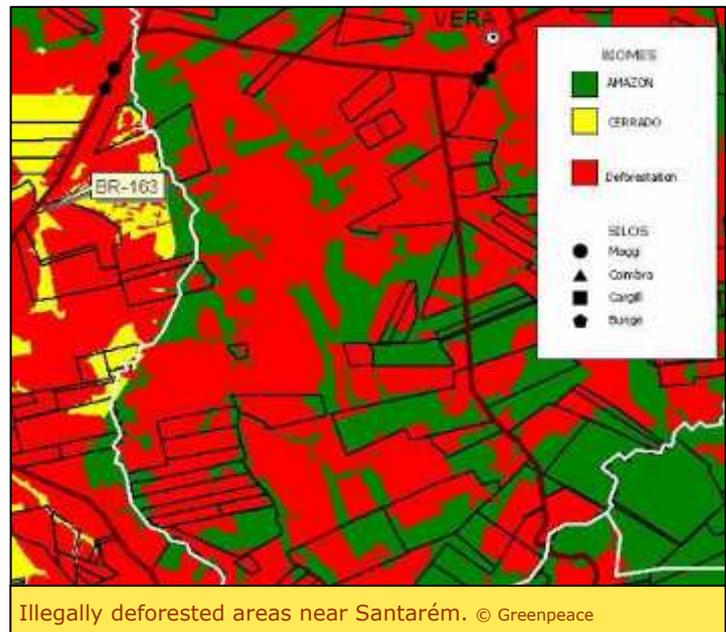


Soy carrier at the terminal in Santarém. © Frente em Defesa de Amazonia.

Soy from the controversial terminal is mostly destined for Western Europe, where it is processed into soybean oil for human consumption and soybean meal as livestock feed. Out of 10 ships tracked in the summer of 2005, six were destined for Amsterdam and two for Liverpool. The Cargill soybean crushing facility in Amsterdam supplies many major food and feed producers in the Netherlands and elsewhere in Europe.

## Deforestation

In 2002, Cargill announced that 300,000 hectares around Santarém were suitable for soybean production. Eighty percent of this, however, is legally required to remain forested, which means that only 60,000 hectares can be farmed. More than that has already been cleared for the production of soy, rice and cattle. Between 2002 and 2004, annual deforestation in Santarém and neighbouring Belterra soared from 15,000 to 28,000 hectares. By 2005, the area of new land dedicated to soybean cultivation following construction of the Cargill port totalled 25,000 hectares in those two municipalities alone.



## Land grabbing ('Grilagem')

As a result of unclear tenure and the absence of a reliable cadastre in the state of Pará, land conflicts are rampant. Peasants residing in government-sponsored land reform areas (*assentamentos*) suitable for the mechanised production of soy or other crops are regularly pressurised to sell their land to the bigger landowners, although this is illegal. As the *assentamentos* are already cultivated, they are easier for the landowners to convert than the officially protected national forests. An example of this practice is the establishment of the Lavras farm, which acquired 8,000 hectares of smallholder and public land. Although investigation of the case has not as yet led to a verdict, it is clear that the acquisition was irregular. Land titles for farms larger than 2,500 hectares require Congress approval and this was avoided by registering only 2,487 hectares. Of this area, 1,718 hectares were cleared in violation of the forest code that prescribes that 80% of the forest on private property in the Amazon must remain forested.



Deforestation near Santarém. © Omblin de la Grandiere, 2007

Between 2000 and 2003, almost 600 rural families in Santarém sold their land to plantation owners. As a result, local communities have suffered a population decline of up to 70%, leaving the remaining villagers amid a sea of monoculture with reduced access to social services, markets and natural resources.

## Modern slave labour

In 2005, almost half of the reported cases of modern slave labour in Brazil were registered in Pará (123 out of 276 in 2005), involving 3,198 people of whom 1,266 were liberated by the Brazilian Government Mobile Inspection Unit. Although most cases occur on cattle farms, the owners of these ranches also make use of slave labour to convert forests and cattle fields into soy plantations. Cargill is known to have sourced soy elsewhere in the Amazon region from Fazenda Membeça, Mato Grosso where 3 slaves were freed by the Brazilian Labour Ministry in 2005.

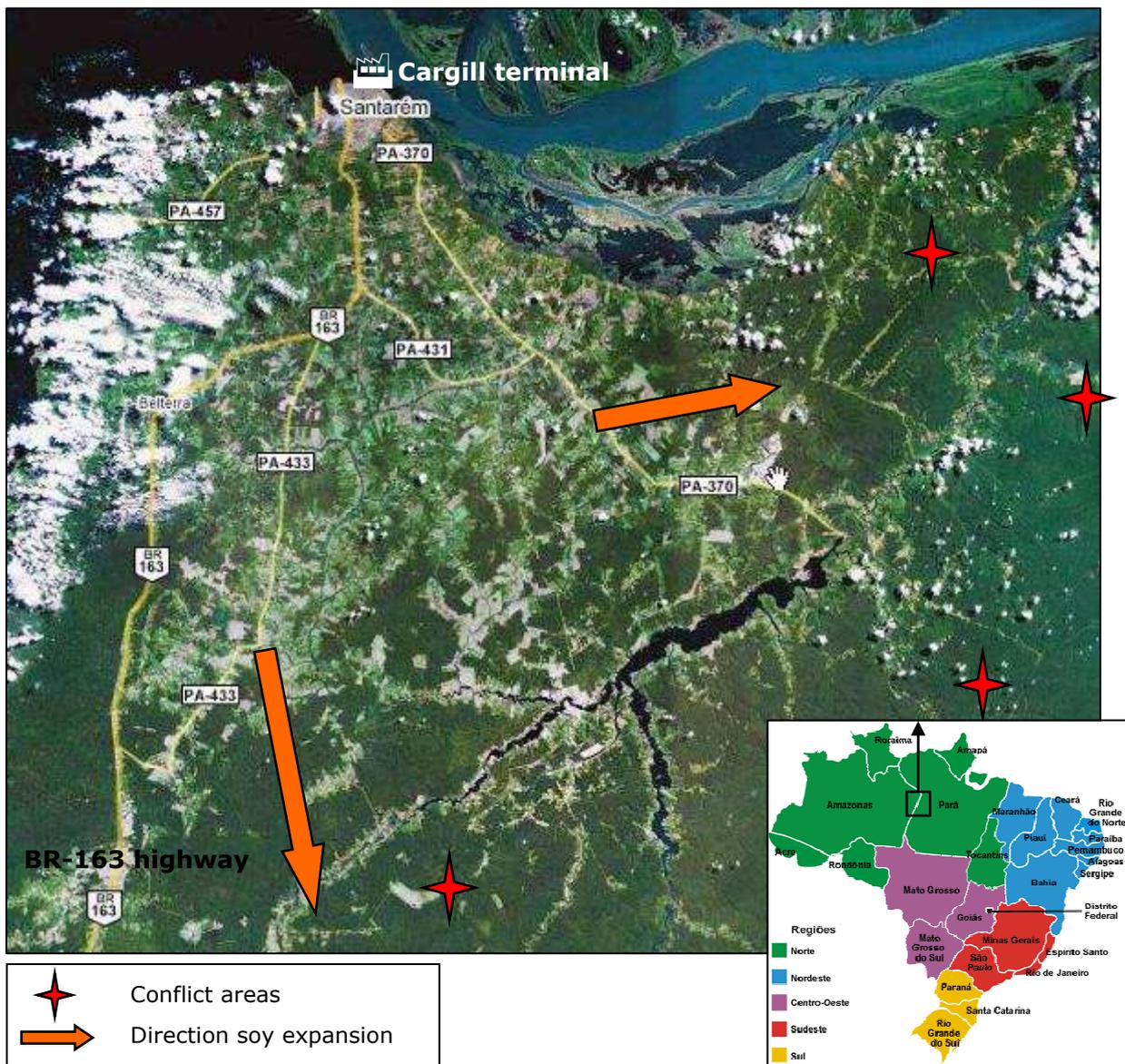
## Human rights violations and impunity

Local resistance to deforestation and land grabbing provokes violent reactions: the leaders of the opposition to soy expansion in the region receive frequent death threats, forcing them to seek refuge elsewhere in Brazil. The American nun Dorothy Stang was murdered in 2005 when she tried to prevent the destruction of a forested area. That year alone a total of 5,274 threats and firearm assaults related to land conflicts were registered in Pará, and 504 peasants' dwellings were destroyed. Of the 38 deaths related to land conflicts in Brazil in 2005, 42% took place in Pará. Between 1993 and 2007, 555 people were killed in land-related conflicts in Brazil.

Only a few high profile cases, such as Stang's, are actually brought to court and even fewer are resolved.



The figure below shows the expansion of soy production near the Cargill terminal in Santarém. Main conflict areas are also indicated, as well as the BR-163 highway, which is used to transport soy from Mato Grosso to Santarém.



## Current situation

In 2006, Cargill signed a 2-year moratorium on the procurement of soy from land deforested after July 2006. A Soya Working Group, in which industry and NGOs, such as WWF and Greenpeace, work together, devised a system for monitoring implementation of the moratorium. According to a press release by the industrial partners, no soy was planted in any of the 100-odd deforested areas monitored. Cargill also signed the Brazilian Pact to Eradicate Slave Labour in which it pledged to end commercial relationships with suppliers that were fined for gross labour law violations. However, in at least two cases they continued to buy from black-listed companies (see fact sheet 2).

At this moment Cargill is awaiting government instructions before embarking on an environmental impact assessment. According to various juridical decisions, the environmental impact assessment must evaluate the direct and indirect impacts of the opening of the port and is subject to public consultation prior to its approval. As the terms of reference for the study have not been made public, it is unclear whether such indirect impacts will be taken into account. Repeated requests from local civil society organisations to include indirect impacts in the terms of reference have met with no response from the Pará state environmental authority SECTAM. Meanwhile, Cargill has as yet failed to consult local civil society groups. The affected communities continue to demand permanent closure of the terminal as its presence will continue to stimulate deforestation and human rights abuses in the Santarém areas.

## The Dutch Soy Coalition

The Dutch Soy Coalition brings together Dutch civil society organisations working in the fields of nature, environment and development. The coalition was founded in response to alerts by partner organisations in South America about the negative impacts of soy production and expansion. The Netherlands plays a central role in the soy sector as the second largest importer from South America and central distribution point for Western Europe. Therefore, the members of the Coalition see it as their responsibility to raise awareness with consumers and the media, and ask our government and companies to take steps to reduce the negative impacts of soy production and trade. Concrete suggestions of steps to be taken by companies and the government can be found in our publication "Big business, big responsibility: Addressing the social and environmental impact of the soy value chain", which is available through our website in English, Dutch, Spanish and Portuguese.

The factsheet and case study series has been developed to stress the urgency of the problems and the need to take action. They feature specific cases of social or environmental problems in particular soy producing countries. Should you wish to get in touch with the Dutch Soy Coalition or receive more background information on the issues, please contact the secretariat of the DSC at [nsc@bothends.org](mailto:nsc@bothends.org) or refer to our website <http://commodityplatform.org/wp>. An overview of the sources used for this case study is available on the DSC website ('Links and Documents' section).

