

Executive Summary

The more soy and cattle meat, the less rainforest. This is the sinister causality in the Amazon where the soy fields are expanding and pushing the cattle raising further into the rainforest. The Swedwatch report investigates Swedish import companies' responsibility in an industry involving social and environmental risks.

Since the soy boom started in 2002, an area equally big as England has been used for cultivation of soybeans in the so called cerrado; a savannah unique for its richness in species. Another 21 000 square kilometres of the savannah is disappearing every year. The demand for cattle meat has been increasing and the export has thus risen sevenfold since the mid 1990s. Cattle raising and soybean cultivation are the two most important sources of Amazon deforestation in Brazil.

The harvested soybeans are grinded into flour meal, which in turn is used as feedstuff for cows, pigs and chickens. The soy and meat imported by Sweden and other countries has a hidden price which the report *The more soy and meat the less rainforest* aims to highlight. The production often violates both Brazilian legislation and international conventions on environmental and human rights. The livelihoods of some populations are threatened due to polluted waters and lack of land for family farming. This report also demonstrates that our consumption patterns have devastating impacts on both the cerrado and the Amazon.

High pressure on sensitive nature areas

Since the year 1990 an area equally big as the United Kingdom has been cut down in the Brazilian rainforest. In 2008 the government put up goals for how the deforestation would be reduced, for example will more than half of the rainforest left in the region called Legal Amazon be protected. The deforestation has been decelerating since 2005, but corruption and insufficient resources of the authorities are factors that hinder the protection of the sensitive nature areas.

Ten percent of the soy harvested in 2008/09 was cultivated on recently deforested land in the Amazon. Three quarters of the deforested area in the Brazilian Amazon is currently used for cattle raising. Since the huge flatlands in central Brazil were cultivated in the 1960s has more than half of the Brazilian cerrado transformed into pasture land or cultivation areas.

Mato Grosso is one of the Brazilian states where the expansion of soyfields and cattle raising has grown fastest, which has caused considerable destruction of the savannah and rainforest.

The area used for soybean cultivation was doubled between 1996 and 2006. For each cultivated hectare of the savannah another hectare is being cleared for pasture, often in the rainforest or in the transition area between the Amazon and the cerrado. Besides the devastation of these vital ecosystems, the production of soy and cattle meat also generates additional problems:

- **Vast emissions of greenhouse gases.** The emissions of Brazilian cattle raising are between 30 and 40 percent higher than contemporary European production, as the comparably high slaughter age increases the methane emissions caused by the animals' digestion process.

- **Violated rights of the native population.** The soybean expansion has pushed native populations away from their traditional territories, consequently threatening the culture and violating the rights of these populations.
- **Severe effects of pesticides.** Many pesticides that are forbidden within the EU are still used in Brazilian agriculture. A few examples are methyl parathion, endosulfan, methamidophos, carbofuran and paraquat. Brazil is currently the biggest consumer of pesticides in the world. In 2006, every fifth agricultural worker received insufficient information about the risks and how to protect themselves when using pesticides. Brazilian researchers and unions have now reported increased intoxication damages and cancer patients.
- **Unacceptable working conditions.** A modern form of slavery exists within Brazilian agriculture, and the production of soy and cattle meat makes no exception. Poor working conditions are combined with the employees' limited freedom of movement due to debt (so called debt peonage). This involves, for instance, that employers deliberately demand unreasonably high fees for accommodation, alimentation and work wear, making the employees indebted and unable to leave the farm or plantation before the debt is repaid.

Swedish connections to deforestation and poor working conditions

Brazil is the largest meat exporter and second largest soy producer in the world today. The global demand has increased the pressure on previously untouched nature areas. Sweden imports 385 000 tonnes of soy products and 10 000 tonnes of cattle meat from Brazil every year. The main part of the soy and meat imported from Brazil to Sweden originates from the state of Mato Grosso.

Lantmännen and Svenska Foder are the most important soy importers in Sweden. These companies in turn purchases most of the soy from the Norwegian company Denofa. In Sweden the soy is mainly used as feedstuff for cows, chickens and pigs. North Trade and Annerstedt Flodin AB represent most of the Swedish import of Brazilian cattle meat. These companies distribute the meat under the trademarks Naturkött and Flodins.

The Swedwatch investigation clearly demonstrates Swedish connections to suppliers of soy and cattle meat that have contributed to deforestation in the Amazon. In 2004, the Norwegian soy importer Denofa initiated a trade relation with Grupo André Maggi (Amaggi), which has been responsible for a substantial part of the soy expansion in Brazil. Amaggi's own material showed that the company, by transforming too much forest into agricultural land, had broken Brazilian legislation two years earlier. Since then, Amaggi seems to have been forced into retreat. Denofa states that the company is unaware of when their supplying soyfields were planted, but assure that all are situated outside the rainforest area of the Amazon. Since 2004, Denofa lacks information about what side effects the suppliers might have on the rainforest and the cerrado.

The Swedish meat importers North Trade and Annerstedt Flodin also have connections to companies that have contributed to illegal deforestation. Greenpeace has pointed out one of their suppliers as a key actor in the overcutting, as this supplier has bought cattle from farms that contributed to the deforestation in 2008. North Trade strongly rejects cattle raising in the Amazon and states that the meat referred to has not been

purchased by North Trade. Annerstedt Flodin considers itself too small to interfere and refers instead to Brazilian authorities.

The Swedwatch report also uncovers poor working conditions at the slaughterhouse that delivers meat to North Trade in Barra do Garças. North Trade states that their control has showed how the slaughterhouse corresponds to the legislation. However, the contract with the slaughterhouse will not be renewed due to the difficulty to explain for consumers how the company can run sustainable production on an establishment situated 200 kilometres from the rainforest.

Vast differences between the companies' commitments.

This report demonstrates that there are vast differences between the importing companies regarding requirements and follow up on the suppliers. All companies mentioned in this report, except from Svenska Foder, have some type of environmental requirements on their suppliers. Denofa, Lantmännen, North Trade and Annerstedt Flodin also have social requirements. Svenska Foder has no social requirements when doing their purchases. The requirements of Annerstedt Flodin are not open to the public.

The requirements of Denofa are followed up by the company's personnel and by auditors of ProTerra. Lantmännen will begin to control their high risk suppliers shortly, while Svenska Foder totally relies on the information from their trade partners. North Trade visits the slaughterhouses once a month, while Annerstedt Flodin makes no controls at all. None of the companies in this report hire an independent third party to do the controls, neither makes unadvertised visits or interviews with employees outside the workplace, which can lead to deceptive evaluations of the suppliers.

The Swedish soy importers only purchase GMO-free soybeans, meaning that the crop has not been genetically modified. However, as the soy cultivators constantly strives to make the production more efficient on the remaining and approved land, GMO-free soybeans is now harder to come across. The usage of pesticides has increased dramatically as pesticide resistant GMO-soy has become more common in Brazil.

Certifications and multi-stakeholder initiatives important for sustainability

The negative effects on the rainforest and the cerrado, along with the violated rights of employees and native populations, have generated various initiatives that aim to make the soy and cattle production more sustainable. The most important certification in the soy sector is ProTerra, but the multi-stakeholder initiative Round Table on Responsible Soy (RTRS) is now under construction. RTRS is however criticized by environmental organisations for approving GMO-soy and not prohibiting monocultures. Denofa and Lantmännen are currently members of RTRS. Denofa further demands that all purchased soy should come from plantations that at least correspond to the basic criterions of ProTerra.

Swedwatch and its partner organizations believe that these initiatives might be important complements to governmental interventions. It is however utterly important that concerned actors (representatives for local communities and employees) are involved in the process; that they are allowed to define the problems and suggest solutions, and that they are given proper information such as results from inspections and evaluations on environmental impacts.

Recommendations

Swedwatch, Latinamerikagrupperna and Friends of the Earth recommend the companies to:

- Adopt code of conducts if missing, or adjust them to the following recommendations if needed. The code of conducts should be public and included in the contracts to provide binding status.
- Base the code of conducts on the international conventions mentioned in this report, and on national legislation.
- Include the precautionary principle in the code of conduct. It is clear that the Brazilian legislation is quite insufficient regarding pesticides.
- Control suppliers and control bodies by unadvertised third-party visits and information collection from local population, organisations and unions. It is also important that employees are interviewed outside the workplace, in order to facilitate the canalization of potential critique without the risk of removal.
- Publish the result of the controls and audits so that concerned actors and other parties might evaluate the company's accomplishments. Some form of complaint mechanism should be constructed in order to canalize potential critique.
- Act to increase the sustainability of the Brazilian soy production, for instance within the frame of the ProTerra certification. Membership in initiatives of the meat sector should also be promoted.
- Purchase exclusively from certified plantations and assure the geographical origin of the soy and cattle meat.
- Construct and publish regular chemical and GMO tests of imported soy.

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