Impacts of soybean on the 2009/10 harvest

Biofuel Watch Center
www.biofuelbrazil.org
NGO Repórter Brasil
www.reporterbrasil.org.br
April 2010

Forest degraded by soybean farmers in Tabaporã, northern Mato Grosso
Photo by Verena Glass
Presentation

While the eyes of the world focus on sustainability conditions of Brazil’s ethanol, another biofuel produced in increasing large volumes does not get as much attention. That is biodiesel, which from January 2010 on was to be added at a 5% proportion to diesel sold at petrol stations – so far the proportion was 4%. On the one hand, the lack of interest in biodiesel has a quantitative reason: despite increasing production, estimates are that 2.5 billion litres will come out of processing plants in 2010 – still little compared to the 25.8 billion litres of ethanol projected for the current harvest. On the other hand, the production structure of Brazil’s biodiesel park bears a warning that has to be further discussed by society: soybean is still the raw material for about 80% of the country’s biodiesel.

In practice, that reveals more than the failure of the government programme aimed including small castor bean and oil palm producers into the chain of renewable fuels. It also shows that all environment, social, and labour-related problems linked to the current soybean expansion model are obstacles to business and government discourses saying that Brazilian biofuels are a paradigm for the so-called “clean-energy”. In recent years, the displacement of that grain to energy generation has been increasing. In 2008, 3.5 million tons of soybean were used to produce biodiesel, representing about 5.8% of that harvest. In 2010, 8.3 million tons shall turn into energy sources –12.3% of the total production. That is, within only two years, the proportion of soybean for biodiesel has more than doubled.

Problems caused by expansion of soybean plantations are many, as companies and businesses associations linked to the soybean production chain acknowledge themselves when they engage, together with NGOs and state agencies, in initiatives aimed at agricultural sustainability. Some of those efforts are intended to monitor soybean, but their reach has been limited and did not cover biodiesel production. An example of such initiatives, but with limited reach, is the soybean moratorium – the pact signed between the Brazilian Association of Vegetable Oil Industries (Associação Brasileira de Indústrias de Óleos Vegetais, ABIOVE) and environmental NGOs (and joined by the Ministry of the Environment in 2008).

Created in 2006 to last until July this year, the moratorium intends to track down soybean produced in the Amazon biome in order to minimize its contribution to deforestation and fight slave labour in the industry all over the country. However, besides not ending deforestation or slave labour within the production chain, its action is limited to ABIOVE’s member companies, leaving most biodiesel plants out. Beyond the Amazon biome, the soybean producer and consumer market has not applied socioenvironmental sustainability criteria negotiated in initiatives such as the Round Table on Responsible Soy or the Round Table on Sustainable Biofuels, reflecting on the continuous impacts of the crop over the fragile Cerrado biome. Even in government circles, biodiesel production has not been the

---

object of any socioenvironmental, labour, or land regulation beyond what is covered by respective legislation.

There is indeed concern about following rules established by the Social Fuel Seal, which regulates relations between processing plants and family farmers, but there is no guarantee that the soybean produced with slave labour participation or causing environmental impacts is not being included in the biodiesel provided for final consumers – or in our export guidelines.

In this report, focused on the analysis of the 2009/10 soybean harvest, the Biofuel Watch Center (BWC) examines some aspects of soybean production in regions where it is consolidated, such as the state of Mato Grosso, and where new frontiers have been opened – the western region of Bahia. It also examines biodiesel companies’ relations to the production chain and the trends for articulating sustainability criteria, pointing out some of the problems that remain latent in the industry. Therefore, the BWC continues its annual research work on sustainability of the soybean harvest, whose aspects have already been discussed in reports published in 2008 and 2009.

**Soybean’s socioenvironmental impacts in Mato Grosso**

With towns included in the Amazon, Cerrado, and Pantanal biomes, the state of Mato Grosso’s huge diversity is threatened by the expansion of soybean areas. In the 2009/10 harvest, the state shall account for 18.7 million tons of soybean – 28% of Brazil’s production. It is by far the largest producer in the country, but such agribusiness power takes a high environmental toll: soybean has been one of the core deforestation vectors for Cerrado and has also expanded over areas of recent deforestation in the Amazon biome, despite efforts such as the Soybean Moratorium.

According to the Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística, IBGE), 12 towns in Mato Grosso are totally included and 24 towns partially included in that biome – the others are mostly located in Cerrado and Pantanal. According to IBAMA, soybean has accounted for most of the state’s environmental problems. A survey conducted by the agency on core deforestation focuses in Cerrado from 2002 to 2008 shows that seven out of the 20 top deforesting towns in the biome are in Mato Grosso (see complete table on page 13). All of them are soybean producers, as seen in the following table:

---

Mato Grosso towns included in the list of 20 top Cerrado deforesters

<table>
<thead>
<tr>
<th>Town</th>
<th>Deforestation in km²</th>
<th>Cerrado deforested</th>
<th>Soybean in hectares (2010 harvest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paranatinga</td>
<td>1,054.07</td>
<td>6.4%</td>
<td>65,000</td>
</tr>
<tr>
<td>Brasnorte</td>
<td>791.69</td>
<td>11.8%</td>
<td>149,000</td>
</tr>
<tr>
<td>Nova Ubiratã</td>
<td>766.03</td>
<td>15.1%</td>
<td>250,000</td>
</tr>
<tr>
<td>Sapezal</td>
<td>697.47</td>
<td>5.1%</td>
<td>375,000</td>
</tr>
<tr>
<td>Nova Mutum</td>
<td>621.47</td>
<td>7.1%</td>
<td>335,000</td>
</tr>
<tr>
<td>São José do Rio Claro</td>
<td>616.26</td>
<td>14.7%</td>
<td>90,000</td>
</tr>
<tr>
<td>Santa Rita do Trivelato</td>
<td>514.50</td>
<td>11%</td>
<td>145,000</td>
</tr>
</tbody>
</table>

Source: Ibama

In spite of the Moratorium, soybean resumed its expansion over deforested areas in 2009. According to NGO Greenpeace, one of the organizations proposing the agreement, such growth is partly due to the production cycle of deforestation areas in the Amazon. Improper for immediate soybean plantation, soils are primarily used for rice and corn, crops that “tame” the land, and later receive soybean. Therefore, only last year areas deforested after 2006 started to be used to plant soybean, which has increased the number of properties in disagreement with the Moratorium.

Regardless of studies produced by the groups that follow the Moratorium, other signs indicate soybean’s participation in the deforestation process in the Legal Amazon. Repórter Brasil has crossed data on notifications for environmental crimes between 2007 and 2009 (deforesting and preventing regeneration of native vegetation) provided by IBAMA or in the list of the agency’s banned activities, with their registrations on the National Classification of Economic Activities (Classificação Nacional de Atividades Econômicas, CNAE, Brazil’s system for standard codes of economic activity). At least 34 cases were found of soybean farms notified in Mato Grosso.

They are located in towns totally included within the Amazon biome (t) or partially included within the biome (p) – one in Cláudia (t); three in Itanhangá (t); two in Itaúba (t); one in Lucas do Rio Verde (p); two in Nova Ubiratã, (p); one in Porto dos Gaúchos (t); 10 in Querência (t); one in Ribeirão Cascalheira (p); one in Santa Carmem (t); eight in Sinop (t); and four in Vera (p). Of course, problems are not restricted to the state of Mato Grosso.

In the state of Pará, totally located within the Amazon biome, crossing notifications for environmental crimes by IBAMA with CNAE also suggests relations between soybean with environmental problems in 11 notifications in 2007 and 2009: three cases in Belterra,

---

3 According to Greenpeace, Moratorium monitoring has so far focused only on deforestation over 100 hectares. In 2009, 12 soybean areas were found in new deforestations. In 2010, that number shall be higher.
4 The moratorium is monitored both by an audit hired by ABIOVE and by Greenpeace, which now conducts its own independent work.
5 CNAE is an indicator of productive activities recorded on a certain CNPJ or CPF (Brazilian tax registration for legal or physical persons, respectively, in this case, farm or farmers). Not all activities listed are necessarily practiced in the property every year.
three in Dom Eliseu, two in Santarém, one in Paragominas and three in Ulianópolis. As for social and labour-related aspects, eight soybean farms – Estrondo (in Formoso do Rio Preto, BA), Progresso (in Uruçuí, PI), Cosmos (in Ribeiro Gonçalves, PI), Fatisul (in Dourados, MS), Sã Simeão (in Campos Lindos, TO), Itália I (in Presidente Kennedy, TO), Bananal (in São Desidério, BA), and Lírio Antônio Parisotto (in Uruçuí, PI) – are now included in the “dirty list” of slave labour of the Ministry of Labour and Employment (Ministério do Trabalho e Emprego, MTE).

Notifications with liberation of slaves in properties with soybean plantations between 2007 and 2009 happened at least in 13 farms in the states of Bahia, Goiás, Maranhão, Piauí, Tocantins, Mato Grosso, and Pará, according to a survey by the Land Pastoral Commission (Comissão Pastoral da Terra, CPT). In the Amazon, data provided by MTE mobile inspection groups and labour prosecutors show that at least four properties with soybean plantations had slaves liberated between 2007 and 2009 – the Colorado farm, in Nova Canaã do Norte, MT, the Vale do Rio Verde farm, in Tapurah, MT, the Curitiba farm, in Ribeirão Cascalheira, and a property in Gleba Pacoval, in Santarém, PA.

*Just harvested soybean and degraded forest in the background at the Mercedes I/II settlement in MT*
*Photo by Verena Glass*
Socioenvironmental impacts and biodiesel production

Of 48 biodiesel processing plants operating nowadays, 42 used soybean as their raw material, 26 of which have the Social Fuel Seal, granted to companies by the Ministry of Agrarian Development (Ministério do Desenvolvimento Agrário, MDA). The Seal establishes the purchase of raw material from family-based agriculture in exchange for tax incentives and participation in biodiesel auctions held by the National Agency for Petroleum, Natural Gas, and Biofuels (Agência Nacional do Petróleo, Gás Natural e Biocombustíveis, ANP). At least 15 biodiesel plants are located in towns listed in the Technical Report on Cerrado Deforestation – 2002 a 2008, published by IBAMA and the Ministry of the Environment, as shown by the table below:

<table>
<thead>
<tr>
<th>Company</th>
<th>Town</th>
<th>State</th>
<th>Deforestation in km²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperbio Verde</td>
<td>Lucas do Rio Verde</td>
<td>MT</td>
<td>99,29</td>
</tr>
<tr>
<td>Fiagril</td>
<td>Lucas do Rio Verde</td>
<td>MT</td>
<td>99,29</td>
</tr>
<tr>
<td>Brasil Ecodiesel</td>
<td>Porto Nacional</td>
<td>TO</td>
<td>184,58</td>
</tr>
<tr>
<td>Biocar Biodiesel</td>
<td>Dourados</td>
<td>MS</td>
<td>22,82</td>
</tr>
<tr>
<td>Biocamp</td>
<td>Campo Verde</td>
<td>MT</td>
<td>283,11</td>
</tr>
<tr>
<td>Petrobras</td>
<td>Montes Claros</td>
<td>MG</td>
<td>135,00</td>
</tr>
<tr>
<td>Coomisa</td>
<td>Sapezal</td>
<td>MT</td>
<td>697,48</td>
</tr>
<tr>
<td>Cooperbio</td>
<td>Cuiabá</td>
<td>MT</td>
<td>66,48</td>
</tr>
<tr>
<td>Araguassu</td>
<td>Porto Alegre do Norte</td>
<td>MT</td>
<td>80,60</td>
</tr>
<tr>
<td>B-100</td>
<td>Araxá</td>
<td>MG</td>
<td>28,80</td>
</tr>
<tr>
<td>Tecnodiesel</td>
<td>Sidrolândia</td>
<td>MS</td>
<td>128,53</td>
</tr>
<tr>
<td>Caibiense</td>
<td>Rondonópolis</td>
<td>MT</td>
<td>12,72</td>
</tr>
<tr>
<td>ADM</td>
<td>Rondonópolis</td>
<td>MT</td>
<td>12,72</td>
</tr>
<tr>
<td>Barralcool</td>
<td>Barra do Bugres</td>
<td>MT</td>
<td>26,26</td>
</tr>
<tr>
<td>Binatural</td>
<td>Formosa</td>
<td>GO</td>
<td>34,08</td>
</tr>
</tbody>
</table>

Source: Ibama and Biodieselbr

According to the MDA, besides the mandatory purchase of family agriculture production by companies and the counterpart provision of technical assistance to and trade agreement with small farmers, the Social Fuel Seal includes no environmental criteria or other socioenvironmental monitoring device. That is, its competences do not include checking if the environmental or land legislation is being followed in areas of family-based agriculture, regarding Permanent Preservation Areas, establishment of the legal reserve, type of land ownership, etc.

Therefore, it does not guarantee socioenvironmental responsibility in biodiesel. The state of Mato Grosso was visited by Repórter Brasil researchers and can be seen as an example of the problems faced by the biodiesel industry in terms of sustainability. With 11 operational processing plants – Cooperbio Verde, CLV Agrodiesel, Beira Rio Biodiesel, Fiagril,

---

Data from Biodieselbr, http://www.biodieselbr.com/biodiesel/fabricas/usinas-biodiesel.htm
Biocamp, Coomisa, Cooperbio, Araguassu, Caibiense, ADM, and Barralcool – the state has shown environmental and labour problems not only in its large-scale soybean plantations, but also in family agriculture areas.

Basically restricted to land reform settlements\(^7\), family-based production in Mato Grosso faced major difficulties to establish itself. Furthermore, soybean plantation in settlements, in spite of being a frequent economic option, is seen by the National Institute for Colonization and Agrarian Reform (Instituto Nacional de Colonização e Reforma Agrária, INCRA) as something contrary to land reform purposes, especially that of diversifying food production.

The complex relationship between processing companies and settlements

Structurally, biodiesel production in Mato Grosso faces a complex situation, both in terms of social, environmental, and land-related criteria and regarding Social Fuel Seal rules. While companies resort to land reform settlements and encourage soybean plantations to reach the 15% of expenses with family agriculture demanded by the Seal, INCRA has faced problems to implement sustainable development and environmental regulation projects in settlements, which has led to a situation of social and legal insecurity as well as subsistence problems for settlers, land ownership irregularities, and environmental crimes. Because large areas in the Amazon forest have been deforested, settlements such as Mercedes I/II (in Tabaporã), Mercedes 5 (in Ipiranga do Norte), Itanhangá (in Tapurah), Pingo D’Água (in Querência), Nova Cotriguaçu (in Cotriguaçu) and Macife I (in Bom Jesus do Araguaia), for instance, have been partially or totally interdicted by IBAMA in the last three years\(^8\). Environmental problems, however, have not been interfering in soybean purchases for biodiesel.

According to settlers who plant soybean at the settlement Mercedes I/II, processing companies Fiagril, Coomisa, and ADM have been purchasing their products to produce biodiesel, but most producers say they have not received technical assistance, as demanded by the Social Fuel Seal. As for trade contracts established by the Seal, which should be guaranteed by farmers’ organizations (unions or co-operatives), settlers sustain that processing companies set conventional pre-loan contracts that include seeds, fertilizers, and pesticides (eventually making agriculture possible, since all public incentive and funding policies are interrupted because of the environment interdiction), but no class organization takes part in the process. Processing companies Fiagril and Coomisa usually pay a 1-real-premium on the productions’ market price – which ADM does not do, according to settlers.

\(^7\) According to the Mato Grosso Federation of Agriculture Workers (Federação dos Trabalhadores na Agricultura do Estado do Mato Grosso, FETAGRI-MT), over 80% of family farmers in the state’s soybean industry are land reform settlers.

\(^8\) IBAMA interdicted 50,121.83 hectares at the settlement Mercedes I/II, 38,290.64 hectares at Mercedes 5, 71,564 hectares at Itanhangá, 23,058 hectares at Pingo D’Água, 46,865 hectares at Nova Cotriguaçu, and 38,469.13 hectares at Macife I.
In a statement to the Biofuel Watch Center (BWC), soybean producers at Mercedes I/II explained that most of them arrived at the settlement after 2003, long after the project was created in 1997. As many of them come from southern states, soybean farmers at Mercedes have better production structures than the original settlers (especially large agricultural machines), organize themselves in family or neighbours groups, and plant continuous soybean, corn, and beans areas reaching 500 hectares. Those conditions led to questionings within the very settlement about the authenticity of those farmers as land reforms clients. They also point out soybean as one of the deforestation vectors in the area.

According to INCRA, which is wrapping up inspection of land occupation status at the settlement, the land ownership and production model at Mercedes I/II will be challenged in court. According to the agency, 77% of plots are irregular – some are traded, leased, there is land concentration, and the presence of proxies taking care of them – and it may lead to expropriation of illegally occupied areas. As for soybean plantation, the agency sustains that large-scale production needs a license, and joining plots is already irregular land concentration. Even in cases of cooperation between neighbours and relatives, INCRA says that plot divisions must be kept and each settler has to have his or her own production organization, which is not the rule at Mercedes.

Land reforms plots converted into soybean farms, at the Mercedes I/II settlement.
Photo by Verena Glass
The BWC went to processing companies Barralcool and ADM in order to hear about their environmental, social and land-related criteria for raw material purchases, but they have not answered the questions. Fiagril, in turn, which said it also purchased soybean at the Mercedes 5 and Itanhangá settlements, admitted it does not take into account its partners’ legal problems when trading, but argued that it has sought to make settlements comply with environmental norms through the Lucas Legal programme. As for agreements with farmers provided for in the Social Fuel Seal, Fiagril said it does not establish that sort of link to all producers because they have often been funded by other processing companies. Nevertheless, it counts all purchases in order to meet the 15% of expenses with family-based agriculture provided for in the Seal.

According to documents obtained by the BWC, Fiagril has also purchased soybean from owners of areas included in the list of those banned by IBAMA for environmental crimes, such as farmers Nelson Lauxen and Paulo Emir Lauxen, both from Sinop. In July 2008, the company purchased 89,160 kg of soybean from the former and in August 2008, 15,941 kg from the latter. Both of them were in the list of landowners banned by IBAMA in April of that year. Still according to the document obtained by the BWC, Fiagril traded with farmer Sadi Zanatta, notified for using slave labour in September 2008. Another company that shall have its actions challenged by INCRA is Biocamp, which buys soybean at the Dom Osório settlement in Campo Verde.

According to INCRA, the company signed contracts with settlers that are similar to leasing the plots, taking over tilling, planting, pesticide application, and harvest. Farmers remain in charge only of managing the plantation. According to the Rural Workers’ Unions of Campo Verde, also in Dom Osório, land plots were joined to plant soybean – the only crop cultivated at the settlement. The Union sustains that it did not take part in writing contracts between the processing company and parcel owners, who have faced problems to pay debts to the company. According to the Union, the company receives soybean production as payment for investments in plantation, and the surplus is divided in half (50% for the company and 50% for the farmer, who gets only that volume).

The MDA, which monitors relations to family agriculture because of the Social Fuel Seal, says that Biocamp’s relationship to settlers in Dom Osório does not constitute leasing, but rather funding the plantation, which is acceptable to legitimate the Seal. The Ministry also sustains that, regardless of the Union’s participation in writing the contracts, it is a “signer” in official documents, which is legally enough for the Seal. Despite being the most immediate solution to meet demands of the Social Fuel Seal, biodiesel companies’ investment in partnership with land reform settlers to plant soybean in Mato Grosso is loaded with problems.

---

9 Land regularization programme conducted by the Lucas do Rio Verde city government, the NGO The Nature Conservancy (TNC), Syngenta, Fiagril, and Sadia, the state attorney’s office, and the Mato Grosso State Environment Department. The programme includes land mapping, environmental assessment for each rural property, training and a manual to recover degraded areas, as well as the making of a manual for good labour practices.
According to INCRA, soybean is not a proper crop to develop family agriculture in settlements (even though the MDA says it could induce crop diversification, since it rotates with corn in the Midwest).

However, lack of investment by federal and state governments leaves few economic alternatives to farmers, according to unions. Mercedes I/II and Dom Osório are examples of situations where companies become the only investors and soybean is an income source for settlements, sometimes illegally. In the former case, the environmental ban; in the latter, lack of formal status for parcel owners (who have not yet received their Use Concession Contract (Contrato de Concessão de Uso, CCU) and their PRONAF Aptitude Declaration (Declaração de Aptidão to Pronaf, DAP) – needed to regularize land plots and trade contracts for biodiesel raw material).

In the case of Dom Osório, says INCRA, the lack of CCU and DAP will prevent the signing of contracts between processing companies and settlers, since the farmer’s DAP number is a mandatory item in the documents to be presented by the company to the MDA to obtain and keep the Social Fuel Seal. Without the DAP, operations are using the settlers’ beneficiary registration, according to the MDA, but that document is not included in the Social Fuel Seal’s Normative Instruction. According to the Campo Verde Rural Workers’ Union, not only Biocamp, but also ADM and Agrenco (a company that lost the Seal this year for not meeting its requirements) have sought trade relations with farmers at the settlement.

At Mercedes I/II, farmers said that all companies acting within the settlement have been “buying” DAPs from producers that do not work with soybean. According to denunciations – it must be said that they have not been confirmed or proved by the BWC, which only reproduces here the content of statements collected – in order to increase the number of their partners within family agriculture so as to meet demands of the Social Fuel Seal, companies have been presenting DAPs from producers of soybean – a crop that does not correspond to the activity of farmers in question.

According to the MDA, all biodiesel companies from Mato Grosso were audited in 2008, and irregularities were found in several of them, especially regarding technical assistance and contracts signed with farmers. Given the seriousness of the problems, Agrenco and CLV/Bertin lost their Seals, and others were notified and might undergo administrative procedures.

---

10 According to the Instruction, the DAP is a mandatory document. Paragraph 2 of article 4 says that documents proving the value of raw material acquisitions made by the family farmer shall include the DAP number in the complementary information field. In article 7, paragraph 2 says that contracts shall include a minimum identification of the contracts parts, including the DAP number of the family farmer or the farming co-operative.
Soybean’s socioenvironmental impacts in west Bahia

While soybean expansion in Amazon biome areas is the object of important monitoring operations, other regions in the country experience strong advancement of the crop, creating several impacts, many of which are unknown to public opinion. That is the case of west Bahia, where soybean production undergoes strong increase and agribusiness expansion is marked by the arrival of industries and the trading of raw materials for biodiesel processing plants elsewhere.

Between the 1992/93 and 2009/10 harvests, local soybean production went from 380 thousand hectares to 1.05 million hectares – nearly tripling over less than two decades. At the same time, the area receives workers from several regions – some of them were taken to west Bahia by the infamous “cats” (labour middlemen working for landowners) – and presents several problems related to labour rights and environmental legislation. In a

Information provided by Bahia Association of Farmers and Irrigators (Associação de Agricultores e Irrigantes da Bahia, AIBA (www.aiba.org.br))
scenario where economic agents are very strong, public authorities seek to establish respect for the democratic Rule of Law and adopt several initiatives and procedures towards that – but it certainly cannot keep up with a series of accumulated past liabilities.

The region is large and its main references are the towns of Barreiras, Luís Eduardo Magalhães, and São Desidério. It borders with five other states: Minas, Goiás, Tocantins, Maranhão, and Piauí. Almost one thousand kilometres from state capital Salvador, the richest towns are the stage for a movement to create a new state. That would be the state of the São Francisco River, with big landowners as its likely core political force. The proposal for a plebiscite on the issue is under proceedings at the House of Representatives. The area in question shows several economic and social advancements resulting from growth in agribusiness, and infrastructure development is directly related to that segment – for instance, the works at the BR-135 federal road, connecting the region to southern Piauí. At the same time, improving high poverty rates and making sanitation investments are one of the demands for a higher quality of life in those towns.

Considering Brazil’s Human Development Index (HDI) for 2000, for instance, all nine towns with the largest soybean plantations feature HDIs below the national average (0.766, in a 0-1 scale where 1 is the maximum). Barreiras has the best rate in Brazil’s Human Development Atlas, but it is at the 2,560th position among the country’s 5,507 towns. Riachão das Neves, the last among the state’s soybean towns, is 5,133rd at the HDI ranking. São Desidério, Bahia’s main soybean town, comes 4,486th. In other indicators, such as those presented by the Atlas of Social Exclusion in Brazil, the region is also in a highly weak position.

### HDI in west Bahia

<table>
<thead>
<tr>
<th>Town</th>
<th>Position in the national HDI ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barreiras</td>
<td>2,560 (0,723)</td>
</tr>
<tr>
<td>Formosa do Rio Preto</td>
<td>3,820 (0,646)</td>
</tr>
<tr>
<td>Correntina</td>
<td>3,884 (0,642)</td>
</tr>
<tr>
<td>Jaborandi</td>
<td>4,360 (0,617)</td>
</tr>
<tr>
<td>Cocos</td>
<td>4,386 (0,615)</td>
</tr>
<tr>
<td>São Desidério</td>
<td>4,486 (0,61)</td>
</tr>
<tr>
<td>Serra do Ramalho</td>
<td>4,700 (0,598)</td>
</tr>
<tr>
<td>Baianópolis</td>
<td>4,805 (0,592)</td>
</tr>
<tr>
<td>Riachão das Neves</td>
<td>5,133 (0,569)</td>
</tr>
</tbody>
</table>

In 2000, Brazil’s HDI was 0.766
Bahia came in 22nd in the states’ ranking in 2000 (0.688)
Source: Atlas of Human Development in Brazil - PNUD
Note: Luís Eduardo Magalhães had not yet incorporated as a town (it was part of Barreiras in 2000, and therefore is not in the list).

---

12 For more information on the movement to create the new state, visit: [http://www.fundasf.com/](http://www.fundasf.com/)
Beauty at risk in Bahia’s Cerrado and neighbouring states

Regarding the environment, the region has unrivalled beauty, with an extremely rich Cerrado area, a profusion of rivers, waterfalls, lakes, and large mountain ridges. The amount of problems is proportional to that beauty – in fact, it even gets more attention. Among the ten largest soybean towns in Bahia, six are champions of Cerrado deforestation between 2002 and 2008, according to data provided by the Ministry of the Environment14:

Formosa do Rio Preto (national champion for Cerrado deforestation in the period, 2nd place in soybean planted area in Bahia in 2008), São Desidério (second in deforestation, 1st in planted area in the state), Correntina (3rd and 5th), Jaborandi (9th and 7th), Barreiras (14th and 4th) and Riachão das Neves (17th and 6th).

<table>
<thead>
<tr>
<th>Town</th>
<th>Soybean plantation in Bahia*</th>
<th>Cerrado deforestation**</th>
<th>Banned areas***</th>
</tr>
</thead>
<tbody>
<tr>
<td>São Desidério</td>
<td>1st (255,000)</td>
<td>2nd (1,329.4 km2, 9.0%)</td>
<td>41</td>
</tr>
<tr>
<td>Formosa do Rio Preto</td>
<td>2nd (152,000)</td>
<td>1st (2,003.1 km2, 12.4%)</td>
<td>65</td>
</tr>
<tr>
<td>Luís Eduardo Magalhães</td>
<td>3rd (136,500)</td>
<td>80th (233.6 km2, 5.81%)</td>
<td>15</td>
</tr>
<tr>
<td>Barreiras</td>
<td>4th (135,000)</td>
<td>14th (615.8 km2, 7.8%)</td>
<td>53</td>
</tr>
<tr>
<td>Correntina</td>
<td>5th (100,000)</td>
<td>3rd (1,284.4 km2, 10.6%)</td>
<td>22</td>
</tr>
<tr>
<td>Riachão das Neves</td>
<td>6th (70,000)</td>
<td>17th (544.5 km2, 9.3%)</td>
<td>14</td>
</tr>
<tr>
<td>Jaborandi</td>
<td>7th (35,000)</td>
<td>9th (724.3 km2, 7.6%)</td>
<td>19</td>
</tr>
<tr>
<td>Cocos</td>
<td>8th (12,500)</td>
<td>101st (214.3 km2, 2.12%)</td>
<td>6</td>
</tr>
<tr>
<td>Baianópolis</td>
<td>9th (7,000)</td>
<td>102nd (214 km2, 6.36%)</td>
<td>6</td>
</tr>
<tr>
<td>Serra do Ramalho</td>
<td>10th (1,618)</td>
<td>795th (9.1 km2, 0.34%)</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: IBGE and Ministry of the environment

* Position in the state ranking and total hectares planted in the 2007/2008 harvest
** Position in the national Cerrado deforestation ranking between 2002 and 2008, total area deforested and percentage of deforestation over the total original area of the biome in each town
*** Areas banned in each town, according to IBAMA

It should be noted that such contempt for Cerrado is not exclusive of Bahia. In neighbouring regions, the situation is the same and in the other states of the Mapitoba (area including the states of Maranhão, Piauí, Tocantins, and Bahia, where agribusiness has seen strong growth in recent years), the coincidence between deforestation and soybean

14 The twenty most deforested towns in Cerrado from 2002 to 2008 (based on the total original Cerrado area in each town) are: 1 Formosa do Rio Preto, BA: 2,003.13 km2 (12.4%), 2 São Desidério, BA: 1,329.38 km2 (9.0%), 3 Correntina, BA: 1,284.39 km2 (10.6%), 4 Paranatinga, MT: 1,054.07 km2 (6.4%), 5 Barra do Corda, MA: 874.41 km2 (11.1%), 6 Balsas, MA: 862.05 km2 (6.6%), 7 Brasnorte, MT: 791.69 km2 (11.8%), 8 Nova Ubiratã, MT: 766.03 km2 (15.1%), 9 Jaborandi, BA: 724.28 km2 (7.6%), 10 Sapezal, MT: 697.47 km2 (5.1%), 11 Baixa Grande do Ribeiro, PI: 661.81 km2 (8.5%), 12 Nova Mutum, MT: 621.00 km2 (7.1%), 13 São José do Rio Claro, MT: 616.26 km2 (14.7%), 14 Barreiras, BA: 615.75 km2 (7.8%), 15 Grajaú, MA: 608.13 km2 (8.6%), 16 Uruçuí, PI: 548.13 km2 (6.5%), 17 Riachão das Neves, BA: 544.54 km2 (9.3%), 18 Santa Rita do Trivelato, MT: 514.50 km2 (11.0%), 19 Crixás, GO: 491.26 km2 (10.5%), 20 João Pinheiro, MG: 484.56 km2 (4.5%).
champion towns is repeated. In Piauí, for instance, two towns are among the largest Cerrado deforesters: Baixa Grande do Ribeiro (11th place) and Uruçuí (16th). Just as in Bahia, those towns are respectively, Piauí’s 2nd and 1st largest soybean planters.

In Maranhão, Balsas is 6th place in the list of Cerrado deforesters, being the main soybean producing town in the state, while Grajaú comes 15th in deforestation and is the 14th town with more soybean planted area in Maranhão.

The situation in the Mapitoba area is the same in other indicators that are not precisely positive. A BWC survey on the ten largest soybean producer towns in each state found that they have high incidence of environmental problems at IBAMA’s registry.

In Bahia, for instance, the BWC study found 966 violation notifications on the page listing areas banned by IBAMA on April 16. Among those banned areas, 249 were located in the state’s ten largest soybean towns. That is, 25.8% of the areas were concentrated in those towns, while the remaining 74.2% were spread over Bahia’s other 407 towns.

In spite of those figures, the state government and representatives of Bahia’s producers see improvements in the situation. With a similar discourse, they point out ambiguities in law and structure problems of environmental agencies, which led to the current situation.

According to studies showing a preserved Cerrado area of about 64% in west Bahia, the government and producers understand that local environmental wealth will be protected and therefore are hopeful about programme “Legal West”, aimed at regularizing environmental problems with local producers.

Meanwhile, several sources consulted by the BWC – such as research institutions, organizations, social movements, and public institutions – express their concerns about the issue. There are strong reports and images, as well as impressive figures about procedures adopted by public authorities to hold those who destroy the environment accountable.

Besides charges of contaminating rivers with pesticides and improper and unauthorized use of local water resources, the BWC found numerous cases of water courses disappearing as well as deforestation in permanent preservation areas, or yet areas with no mandatory legal reserve of native forest.

The state public attorney’s office in Barreiras alone has 46 proceedings to regularize legal reserve areas in local enterprises – one of the agency’s priority agendas.

In that scenario, part of society is mobilized to create a national park in the area of the De Janeiro river – a water course that includes the incredible Acaba Vida waterfall and the beautiful Poço do Redondo. The procedure has been going on at ICMBio in Brasília, after a failed attempt made some years ago, whose reasons are easy to guess.
Labour rights in the shadows of “colonels”

Regarding labour rights, west Bahia also displays sad figures. Between 2003 and 2009, the region presented nothing less than 43 cases of properties caught with workers in situation analogue to slavery\(^{15}\). During the period, only two cases in Bahia, in Juazeiro and in Sebastião Laranjeiras were not located in the west of the state. Cases were found in cotton, cattle, charcoal, soybean and corn, among other activities. Nowadays, the “dirty list” of slave labour includes two properties in west Bahia where slave labour has been found in soybean, one of them in Formosa do Rio Preto and the other in São Desidério\(^{16}\). Besides those cases, the “dirty list” includes three other properties with slave labour in soybean in the state of Piauí, two in Tocantins and one in Mato Grosso do Sul. Towns found with slave labour in soybean in Bahia and Piauí are also Cerrado deforestation champions, which is not a mere coincidence.

While workers’ health is still neglected by many employers, there are several reports and statistics about problems related to intoxication with pesticides, lack of protection

\(^{15}\) Complete data at: http://www.reporterbrasil.com.br/pacto/conteudo/view/20
\(^{16}\) Data available at http://www.reporterbrasil.com.br/pacto/listasuja/lista
equipments and even deaths at work. Agrícola Xingu, for instance, had accidents that caused the deaths of two of its employees in 2008. In 2002, an accident also took place within Bunge’s premises, leading to the death of workers. Both companies recently reached legal settlements with labour prosecutors and accepted to pay compensation for the deaths, committing themselves to improve safety conditions in the work environment. The vastness of towns and properties certainly helps to increase difficulties in the labour field, but greed and contempt for fellow human beings also have their share of responsibility for the problems.

At Barreiras’ municipal garbage deposit, local NGO local 10 Envolvimento is now developing a training project with workers living by the dump. At the place, the BWC could see the situation to which part of the locals are subjected. In their accounts, workers show that overexploitation, coercion, restrictions, servitude, and therefore, slavery, are common traits in their stories. When they comment their current situation – living in the garbage deposit and getting their income from recycling materials found there – they say they are better off now than they in their prior situation, which they escaped or simply chose no longer stand.

At the garbage deposit de Barreiras: workers’ choice over local farms
Photo by Antonio Biondi
Used to working in the dryness of “Gerais” (as they refer to the farms spread over the intense local Cerrado) and not having their rights respected, workers say that they are often not paid their dues, wages, overtime, dismissal fees. The situation is so absurd that one employer, after being forced by authorities through a Conduct Adjustment Commitment, (Termo de Ajustamento de Conduta, TAC) to accept to pay moral damages, demanded the money back from employees after authorities left. He is the owner of the Gerais farm and was not found by reporters to comment on the subject.

The way the region develops, whether as a whole or in each detail, hampers the work of local, state or federal institutions. Besides several state borders, distant towns, farms are often separated by long and precarious roads, sometimes 100-km long. And, with towns as large as the smallest Brazilian state, Sergipe, when a law enforcement agent arrives to a property to check on denunciations or fix problems, the owner has already done some “window dressing”.

Labour prosecutors, for instance, established an office in Barreiras in 2006. With only two regular prosecutors at the team, the Barreiras office is in charge of nothing less than 62 towns in Bahia and has to carry out not only pre-emptive and inspection operations, but also lawsuits and hearings resulting from them.

The Ministry of Labour and Employment also has only two inspectors in Barreiras, occasionally helped by others coming from state capital Salvador. A public selection process has been made this year to hire more inspectors for the Ministry, which will add 12 new inspectors to its local branch. With that effort, the demand for inspections will be hopefully met, although partially and provisionally.

The situation seen in the labour field is repeated in other areas, where state agencies have sought to consolidate their action, but still face difficulties to carry out their tasks. Regarding land ownership, for instance, the region still sees strong and varied conflicts, as virtually all local interviewees told the BWC team.

One example is Ponte de Mateus, in the town of São Desidério, where a traditional community has lived for decades and is now threatened by several local landowners who seek to add the community’s land to their enterprises. At the other extreme of the scenario, large farms, such as Estrondo, Agrícola Xingu, and São José, have areas that reach 100 thousand, 200 thousand, 300 thousand, or even 400 thousand hectares – and whose ownership is often conflicting between two public registries.

With institutions seeking to broaden their local actions and their reach, the importance of economic actors to improve local production practices increases. Therefore, Bunge and Cargill, with factories in the region and storage units in each of the most promising areas for local soybean production, consolidate their position as the main players in the region, buying most of the local soybean production and using it for their own consumption or selling it to other business groups, including biodiesel manufacturers.
An important player in west Bahia, Cargill has not provided information to the BWC.

Photo by Antonio Biondi

When sought by the BWC, both companies, which are members of the Round Table on Responsible Soy, had distinct attitudes. Cargill did not answer our questions, alleging lack of time. Bunge, in turn, did not reveal the amount of soybean it purchases locally and said it does not monitor how its clients use the product later. On the other hand, it explained that it used about 80% for its own consumption and listed a series of measures towards guaranteeing sustainable practices by its providers. But it recognizes that the process is constantly changing and subject to risks and necessary adjustments.

**Sustainability criteria face resistance**

After years of difficult negotiations, in 2009 some of the main initiatives for socioenvironmental criteria in farming production involving companies and NGO representatives defined rules to make production models more sustainable.

That is the case of round tables of Responsible Soy and Sustainable Biofuels, of international character, and the nationwide so-called Brazilian Initiative for the Creation of a Verification System for Farming Activities (Iniciativa Brasileira para Criação de um...
By and large, the next step of each initiative is field testing criteria. The aim is to assess through pilot experiences if rules are feasible from the production point of view and if they meet sustainability aims for which they were created. Later, they could be presented to the market as a certification option.

When implementing criteria, however, the productive sector started to place obstacles to the advancement of the process. One of the first blows took place in May 2009, when the Association of Soybean Producers in the State of Mato Grosso (Associação dos Produtores de Soja do Estado do Mato Grosso, APROSOJA) left the Round Table of Responsible Soy (www.responsiblesoy.org) because it disagreed with the approval of restrictions to deforesting and expansion of the crop in the state.

The defection happened after eighteen months of work and three periods of public consultations to formulate rules about following laws, good business practices, responsible labour conditions, responsible relations to the community, environmental responsibility, and good agricultural practices. According to the guidelines approved, soybean could not be expanded during the field test period in areas deforested after May 2009.

A dissenting voice in a deforestation champion state, APROSOJA advocated the postponement of the debate. As a minority, it preferred to leave and was followed this year by ABIOVE, which also left the round table under the argument that proposals were very distant from producers’ reality. Despite those casualties, round table organizers still believe in the initiative. In 2010, the challenge is to find soybean purchasers that accept to pay the extra costs on behalf of sustainability.

While the Round Table on Sustainable Soy advances, although at a slow pace, the same cannot be said of the Brazilian Initiative for the Creation of a Verification System for Farming Activities. In November last year, producers’ representatives left the process saying that its governance model did not consider the group’s opinions.

According to a letter signed by the Brazilian Agribusiness Association (Associação Brasileira de Agribusiness, ABAG), ABIOVE, Institute for Responsible Agribusiness (Instituto para o Agronegócio Responsável (ARES), Institute for Studies on International Trade and negotiations (Instituto de Estudos do Comércio e Negociações Internacionais, ICONE), Organization of Brazilian Co-operatives (Organização das Cooperativas do Brasil, OCB), Sugarcane Industry Association ( União da Indústria da Cana-de-Açúcar, UNICA), and the Brazilian Rural Society ( Sociedade Rural Brasileira, SRB), the coordinators of Brazilian Initiative presented to public consultation a set of principles and criteria including some items that had not been discussed by the group that gathers producers, environmental NGOs, and labour unions. The Initiative’s executive-secretary is a member of NGO Friends of the Earth – Brazilian Amazon.

It is important to ponder that construction of principles and criteria does not follow a clear decision-making parameter, which hampers the process’ governance and transparency (...) the very participation of distinct stakeholders in meetings is not constant (...) Principles and criteria included in the 2nd version will cover only market niches, which escapes one of the...
tenets mentioned in the Initiative’s Mission, that is, creating principles and criteria focused on Brazil’s productive context”, says the letter.

Next, the environmental and social sectors, of which Repórter Brasil is a member, sent a letter demanding explanations from producers: “The alleged disagreement with criteria discussed does not point out any specific case; neither does it mention any fact where some of them might have diverged from procedures resulting of discussions in the Working Group”. So far there is no decision about the continuity of the process.

Still during the current harvest, the Round Table of Sustainable Fuel also had its troubles. In late 2009, when member NGOs were already anxious to begin field testing the 12 agreed principles and criteria, the biodiesel industry group, especially that linked to European companies, started to challenge the process’ governance model and demand more representation.

In order to solve the imbroglio, a commission was created to review internal decision procedures and changes. According to members linked to NGOs, however, the damage is already done and field tests might be delayed. If no new problems emerge, sustainable production rules are not expected to be evaluated before the end of this year or in early 2011.

Several lessons can be learned from those processes. Firstly, of course multi-stakeholder initiatives are not a solution for the socioenvironmental problems of Brazil’s farming sector. Theoretically, they might be an important stage to “frame” producers within less degrading practices, but companies have made few concessions to environmental and social NGOs so far.

Yet another lesson is that producers’ associations usually enter those processes with a political agenda: they will fight over the smallest detail in principles and criteria and might ultimately even sign them. When it comes to applying them, however, they lack executive power: they face problems to mobilize producers and industry. For roundtable participants, applying decisions might be easier if companies take a direct part in the processes with their representatives.

The truth is that, in 2010, major international multi-stakeholders initiatives, such as the round tables of Responsible Soy and Sustainable Biofuels will face their ultimate tests to apply in practice what has been agreed on paper. In order to do that, coordinators of each initiative will depend on a market agreement over a premium to be paid by companies for products less degrading to the environment and not based on workers’ exploitation. While that moment does not come, the scenario in rural areas is still marked by several impacts to the environment and violations to workers’ rights.

17 See more information at http://cgse.epfl.ch/page65660.html
Staff

Repórter Brasil
Organização de Comunicação e Projetos Sociais

General coordination
Leonardo Sakamoto

Biofuel Watch Center
Marcel Gomes (coordination)
Antonio Biondi
Verena Glass

Contributors
André Campos
Bianca Pyl
Maurício Hashizume
Maurício Monteiro

Administrative Support
Fabiana Garcia
Rafael dos Santos

Translation
Roberto Cataldo

Support

E-mail
biobr@reporterbrasil.org.br

Addresses
São Paulo
Bruxelas St., 169, São Paulo-SP, CEP 01259-020
Phones: (11) 2506-6570, 2506-6562, 2506-6576 E 2506-6574

Tocantins
Porto Alegre St., 446, São João, Araguaína (TO), CEP 77807-070