

Environmentalists put more pressure on Cargill to slow forest-to-farm movement in Brazil

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Pressure is mounting on Cargill Inc. to do more for native vegetation in Brazil, South America's food powerhouse.

Environmental groups want the Minnetonka, Minn.-based grain trader and food processor to intervene in the clearing of habitats in the Cerrado region of central and southern Brazil, particularly for soybean production, as it did previously in the Amazon region in that country's north.

The pressure intensified after Cargill announced last month it would fail to meet a self-imposed 2020 deadline for ending deforestation in Brazil and other parts of South America.

The tension underscores Cargill's worldwide influence and Brazil's importance in agriculture. The country is the world's No. 4 producer of food after the U.S., China and India and it recently passed the U.S. to become the world's leading producer of soybeans.

Environmental activists said Cargill espouses sustainability ideals but is failing to show leadership by following through on its stated goals. Cargill said the issue of land being cleared in the Cerrado region is much more complex than it was in the Amazon. For starters, the Cerrado is far larger in output, accounting for half of Brazil's soybean production.

In 2006, Cargill and other commodity traders signed the Amazon Soy Moratorium, agreeing to stop buying soy grown on newly cleared rain forest in that region of Brazil. The move effectively ended deforestation in the Brazilian Amazon.

Cargill has joined a number of other industrywide efforts, like the Soft Commodities Forum, the Global Trade Corp. and the Consumer Goods Forum, each with their own frameworks for reducing or eliminating habitat destruction. In 2014, Cargill signed the U.N.'s New York Declaration of Forests, committing to halving deforestation by 2020 and eliminating it by 2030.

But last month, Cargill released its soy action plan for South America that walked back some of its hard deadlines. The company announced a new \$30 million fund to seed better ideas for ending deforestation in areas like the Cerrado and asked others in the industry to contribute to it. A few weeks later, Cargill wrote an open letter to Brazilian soy producers, publicly opposing the implementing of a similar moratorium in the Cerrado. That is when many critics cried foul.

Last week, one [environmental activist group](#), Mighty Earth, published a scathing report calling Cargill "The Worst Company in the World" and hosted a small protest rally outside its headquarters on the day of its quarterly earnings. Other [environmental groups](#) take a more measured view of Cargill's actions in the Cerrado, which is the most productive agricultural region in the country and known as a biodiverse savanna biome.

Nathalie Walker, director of tropical forests and agriculture for the National Wildlife Federation, said her organization has been working in the region for 30 years, taking a science-based approach to finding solutions.

"It's great to see Cargill's new (soy action plan and funding) announcement, and I think they've made some steps forward by expanding the scope, but the fact that they think it seems to take a lot of time, we would have issue," Walker said. "This is an emergency, and Cargill should also be concerned about their long-term business interests. They've built crushers in drought-prone regions that are made worse by deforestation."

The company has historically been slow to make change, sometimes too slow, conceded Ruth Kimmelshue, Cargill's chief sustainability officer and head of supply chain, in an interview last week. But, she added, that is largely because Cargill fears making the situation worse.

"We are perfectly aligned (with the environmental groups) on what the problem is. Where we disagree is on how we most effectively solve the problem," Kimmelshue said in an interview last week. "A solution that works in one scenario will not necessarily work in all scenarios."

Walker describes the Cerrado as an upside-down forest with shrubs and small trees that have deep roots that hold in more carbon and facilitate evapotranspiration—or more water in the air and rainfall—than deforested land. The Cerrado is drought-prone and so the future viability of agriculture in the area stands to benefit from maintaining existing native vegetation.

On the other hand, Brazil depends on the Cerrado for much of its agricultural productivity and farming presents an economic opportunity for impoverished locals. By 2015, 41% of the region's native vegetation had been cleared for agricultural use, according to Lisa Rausch at the University of Wisconsin's Gibbs Land Use and Environment Lab. And while soy is not the only crop contributing to deforestation in the region, soy farmers are exceeding their legal limits at a disproportionately higher rate.

Environmental groups said the choice between economic development and environmental protections is a false dichotomy, and Kimmelshue said she "largely agrees" with that assessment.

The Wisconsin study concluded the Cerrado's soy sector could double in size, possibly even triple, without converting any more land.

Kimmelshue said Cargill believes expert estimates that suggest there's enough converted land to feed 10 billion people projected to populate earth by 2050.

That's why many environmental groups, including Mighty Earth,

Greenpeace, National Wildlife Federation, as well as the Wisconsin researchers, suggest traders and processors could impose a moratorium for soy grown on newly deforested land in the Cerrado.

"We want them to replicate their success in the Amazon. It's as simple as that," said Glenn Hurowitz, chief executive of Mighty Earth. "They know that stopping environmental degradation and growing business can be a win-win because they've proven that themselves."

Cargill's Kimmelshue said, "That worked well, but the Cerrado is a bit different." Namely, she argues, Brazil's laws and the current administration's economic-development mandates for the region are different and there's much more competition among soy buyers and processors than there were in the Amazon.

"We could independently take action and declare a moratorium. Alternatively, we could exit the region," she said. "But we strongly feel that would only move the challenge to other purchasers, so we believe a moratorium is not the best solution."

Walker of National Wildlife Federation acknowledges the Cerrado is different, with more middlemen blurring the source of the soy before it even reaches Cargill's hands, but says there are technologies available today that weren't five years ago that make a solution much easier than Cargill projects.

"There are tools. They could act very quickly," Walker said. "Any soy trader is aware that unless they set a cutoff date, they are buying from recently deforested land because that's the default."

The research out of the University of Wisconsin concluded private companies will need to take action, but said it is more challenging than it was in the Amazon. A survey of soy farmers and buyers in the Cerrado

showed less influence by the large companies of land management decisions.

At the time of the Amazon Soy Moratorium, the 28 signatory companies purchased 90% of the soy directly from farmers and was largely for export. Those same companies are active in the Cerrado, but control a smaller collective share of the market than the Amazon companies did at the time of the signing.

Cargill's current soy policy for South America doesn't explicitly prohibit its employees from buying soy from farms that were recently cleared. What it does say is Cargill will use suspension on a case-by-case basis, and will implement a cutoff date for converting land if and when the whole industry agrees to it.

"The whole idea of moratorium and cutoff dates has been talked about among this group," Kimmelshue said, "because land conversion is technically legal, the risk is the government could say we are acting as a cartel, so figuring out how to end deforestation in a way that also complies with the laws in Brazil."

Hurowitz of Mighty Earth said Cargill is big enough that they are well-positioned to drive industrywide change.

"I think we've seen in other industries that it's typically the largest company that leads and then others follow," he said.

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