



Governing the beef supply chain in the Brazilian Amazon: Progress and limits in shaping the transition towards a sector sustainable development

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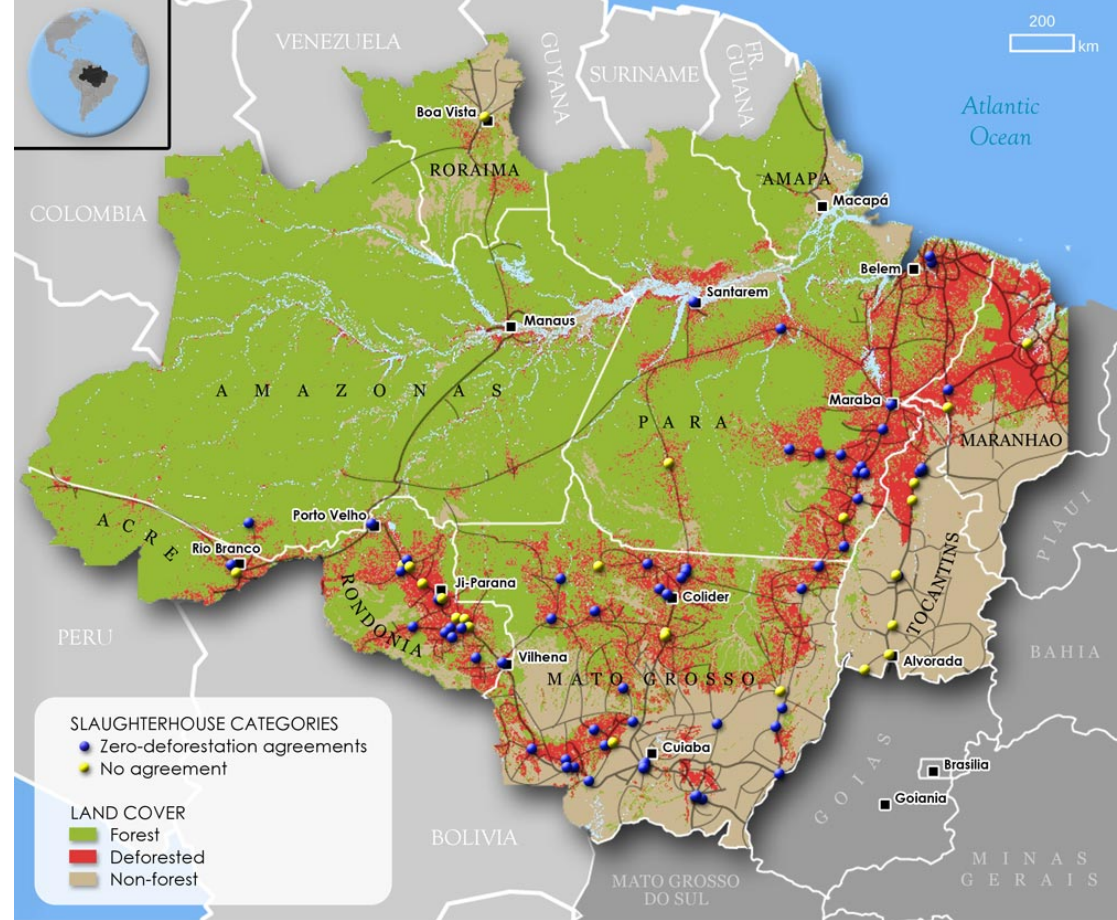


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Context

- Transnational corporations under pressure
 - Labor exploitation
 - Environmental degradation
 - Human rights violation
- Attempts to “green” supply chains
- Codes of conduct, ethical sourcing policies, and sustainability strategies (Bartley, 2016).
- Brazilian beef chain the main driver of deforestation in the last 40 years
- The Brazilian beef chain: a case where public and private agreements and governance mechanisms have been emerged

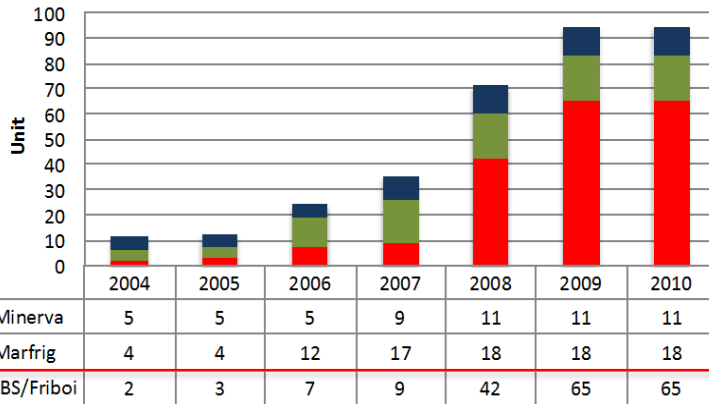


Main slaughterhouses in Amazon (Gibbs et al, 2015)

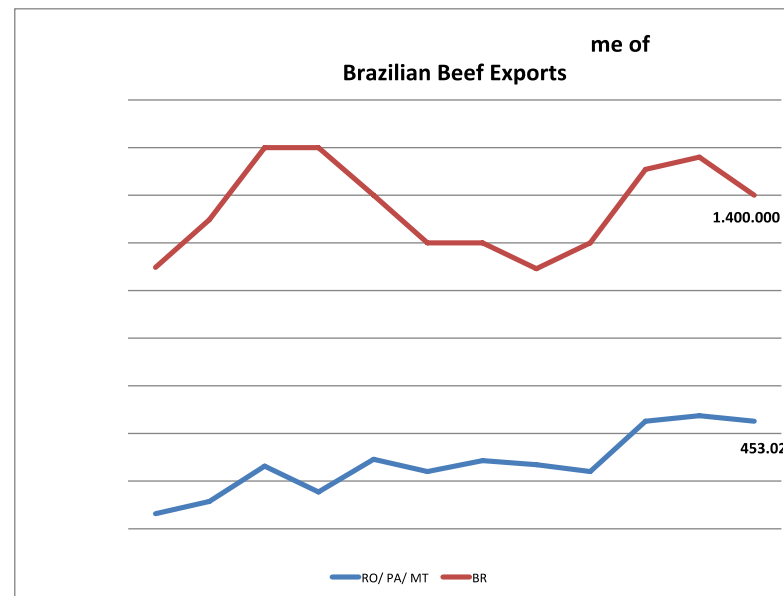
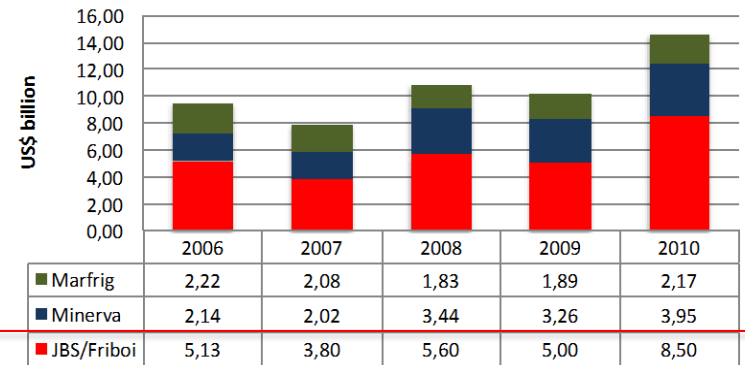
Mato Grosso, Rondônia and Pará: 62 million cattle herds, 29% of the national cattle herd

The growth of Beef sector in Amazon

Graphic 1: Evolution of the number of industrial plants from 2004 to 2010



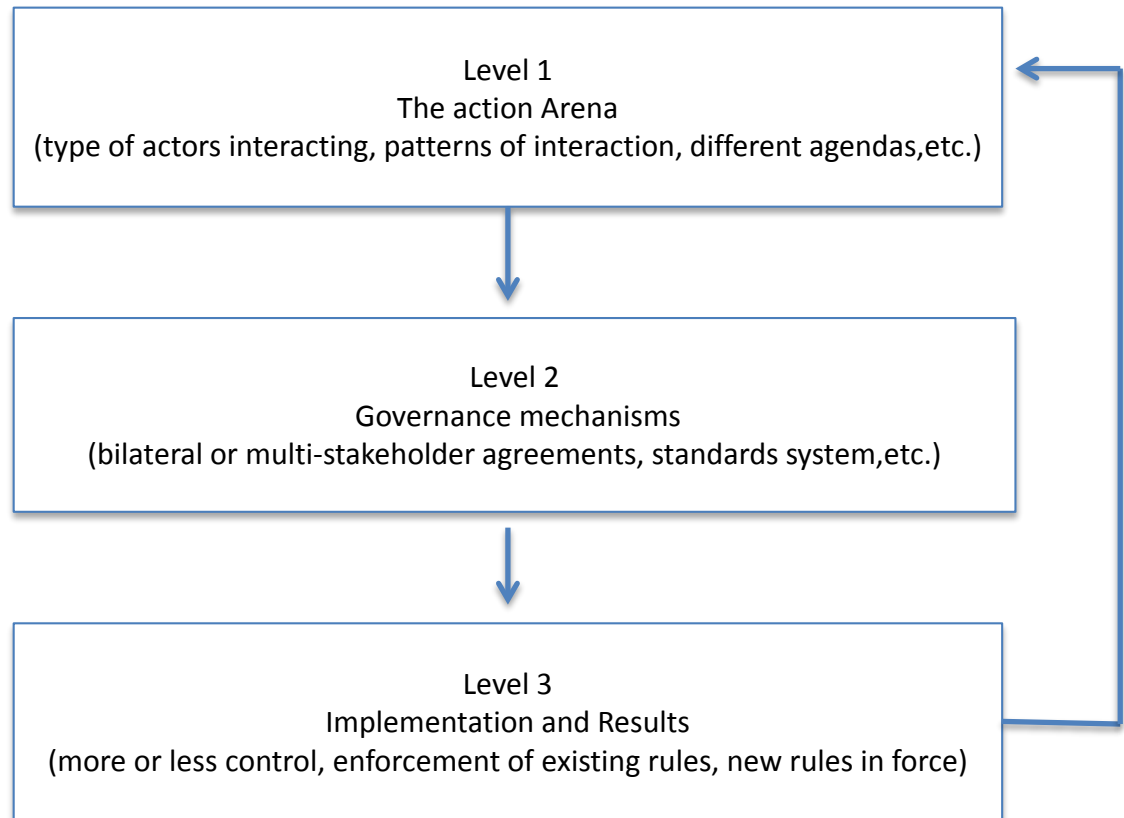
Graphic 2: Evolution of net income resulted of Brazilian bovine meat exports



Procedures

- Historical review of the process
- **Qualitative interviews with 61 key private and public stakeholders in the 3 Amazon States (Mato Grosso, Pará and Rondonia)** (e.g. NGOs, researchers, government agencies, public authorities, cattle ranchers unions, associations of the industry and retailers)

Analytical
Framework
(Adapted from
Ostrom et. Al
1992)



Questions

- What motivations of the main Brazilian meatpacking companies to control their supplier's impact in the Amazon?
- Which the main features of the governance mechanisms that have emerged;
- Which evolutions and limits of the governance mechanisms.

Results

- A combination of public and private actions driving meatpacking companies to establish controls in their supply chain.
- “Shaming the corporation name” international NGOs strategy
- Financial system and some meat buyers also exposed to reputational risks
- An increasing pressure come from public authorities to enforce environmental regulation

Results

Private actors

International NGO's: Greenpeace, Friends of the Earth

Outcomes:

- IFC withdrawn a US\$ 90 million Bertin loan



Public Authorities :

National Monetary Council

Public Prosecutors of State of Pará

Outcomes:

- Resolution 3445: National Banks stop to financing beef sector.
- 21 public civil suits against ranchers and meatpacking companies in Pará
- Retailers signed a commitment to not buying illegal meat originated in Amazon



Results

- As a consequence, two mechanisms
 - The public cattle agreement
 - eradicate illegal deforestation in the supply chain
 - to monitor their suppliers' compliance with other environmental and social requirements.
 - The private agreement with Greenpeace
 - Very similar to the public one
 - Difference: to control the “indirect suppliers”

Results

- The agreements implementation
 - **Public cattle agreement: apply to all meatpacking companies in Mato Grosso, Para, Rondonia and Amazonas.**
 - Larger, medium and small companies have signed the public agreement. There is a public list.
 - The Green Municipalities Program of State of Pará is involved. Meetings between public prosecutors, government representatives and meatpacking companies occurred in 2014.
 - A pilot of an audit was performed.
 - A complete monitoring made by the State authorities have not occurred yet in the State of Para.
 - There is public data about the implementation by the meatpacking companies in the other States.

Results

- The agreements implementation
 - **The private cattle agreement with Greenpeace: apply only to JBS, Marfrig and Minerva**
 - JBS, Marfrig and Minerva have sustainability departments to manage the controls
 - In the south of the State of Pará a consultancy firm was hired by JBS to provide the legal registers to their main suppliers and to monitor the farmers.
 - Mafrig have centralized their controls in São Paulo
 - JBS, Marfrig and Minerva presented an annual independent audit report to show compliance
 - Gibbs et al (2015): analysis only four JBS. Authors show deforestation is controled in JBS supply chain
 - No comparable data exist to Marfrig and Minerva

Conclusions

■ **Some progress:**

- The state actors played a paramount role in paving the way to enforce controls over the supply chain.
- The public cattle agreement provided the reference for the second most control mechanism between Greenpeace and private companies.
- Stricter and innovative public policies that have forced meatpacking companies to start controlling their supplier's impacts on deforestation

Conclusions

- But, there are still limits:
 - Actors have reached a consensus around **the minimal requirements** than a struggle to raise private commitments.
 - The cattle flows are not controlled between the farms.
 - No program of land legalization is implemented.
 - No efforts are done to build a credit system for intensification
 - The standard certification is not an accepted perspective.
 - In this context, the territorial risk is still strong for any private investment in this beef chain (the same for the grains).

THANK YOU!
MERCI!

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