

Soy expansion and savanna's conversion in the Brazilian Cerrados

Linking global governance and local political dynamics

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Introduction (1)

- ✧ Agricultural expansion and its responsibility in tropical deforestation
- ✧ The growing importance of international trade (10% of the deforestation btw 1990 and 2009 can be attributed to international trade of 4 commodities)
- ✧ A growing pressure from consuming countries and NGOs towards "deforestation-free supply chains" and minimizing social impacts
- ✧ The answer of (mainly) downstream firms to minimize reputational risks: voluntary commitments and participation to "multistakeholder initiatives"

COMPANIES WITH COMMITMENTS BY SUPPLY-CHAIN LEVEL*



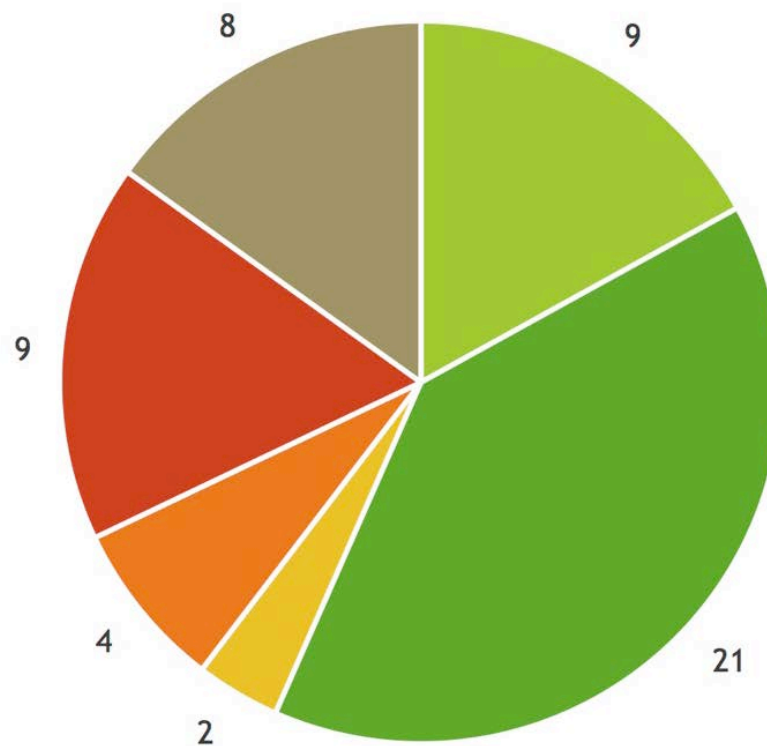
*Total exceeds 100% because some companies operate at multiple levels within a supply chain.

Introduction (2)

- ✧ A strong hypothesis: downstream actors (and consumers) have enough leverage to make producers' practices to evolve towards "sustainability" (or at least 0 deforestation)
- ✧ In such a perspective, the need to include producers or government actors is limited...
- ✧ A central question: how such initiatives concretely affect landscape dynamics?
- ✧ => the need to cross-analyse agrichain governance and landscape dynamics to answer the question!
- ✧ The example of soy production in the Brazilian cerrado
- ✧ Preliminary results of an ongoing research
- ✧ Not a quantitative assessment but an analysis of social mechanisms at stake

Introduction (3)

- ✧ Three months of field work in the Tocantins state ("soy frontier")
- ✧ Participation to the 2016 RTRS in Brasilia
- ✧ Grey litterature analysis



■ Agruculteurs

■ Entreprises

■ Banques

■ Associations/ONGs

■ Centres de recherche/Universités

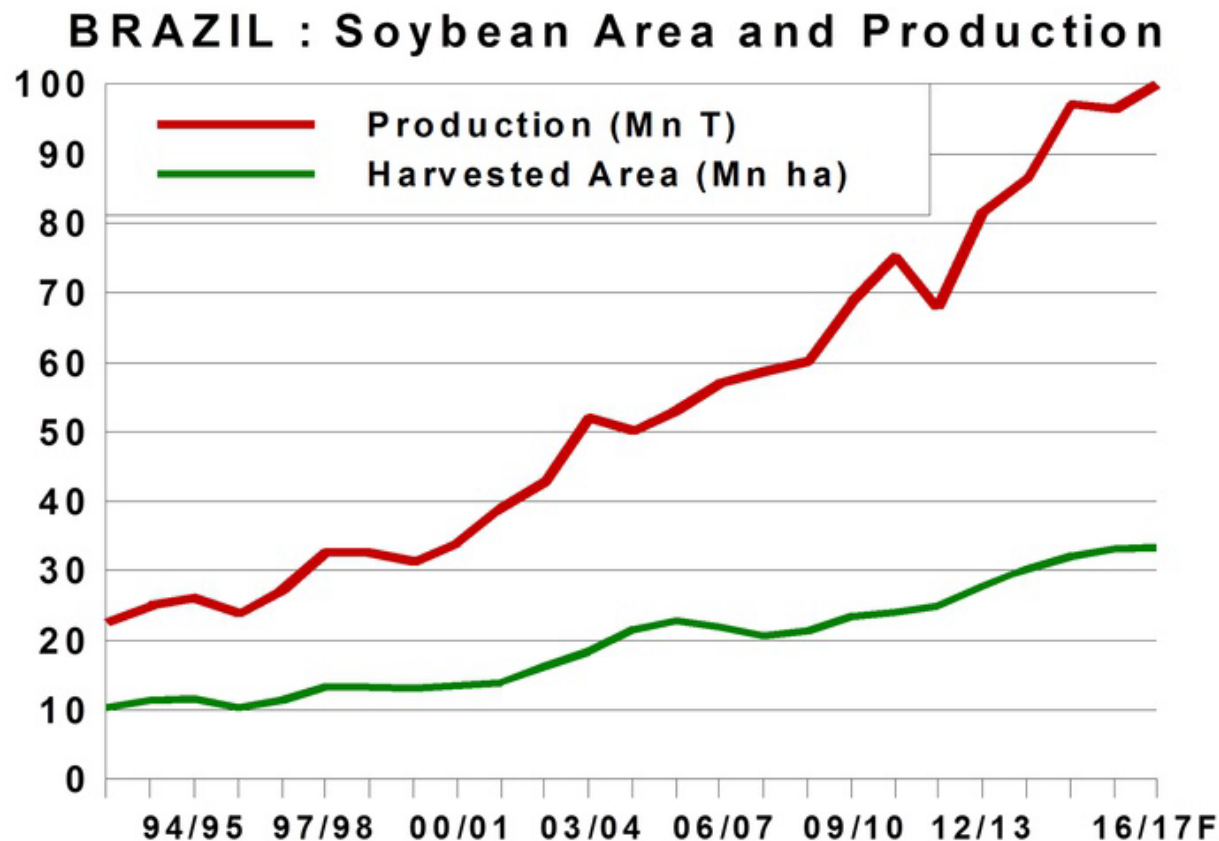
■ Syndicats et administrations

Content

1. Overview of soy production in Brazil and in the Cerrado and impacts over landscapes
2. Three factors that determine soy expansion in the Tocantins state...
3. ... and that explains the weak influence supply chain interventions *alone* have had in this territory (with comparison to the Amazonian soy moratorium)

SOY PRODUCTION IN BRAZIL AND IN THE CERRADOS

A major crop for Brazil

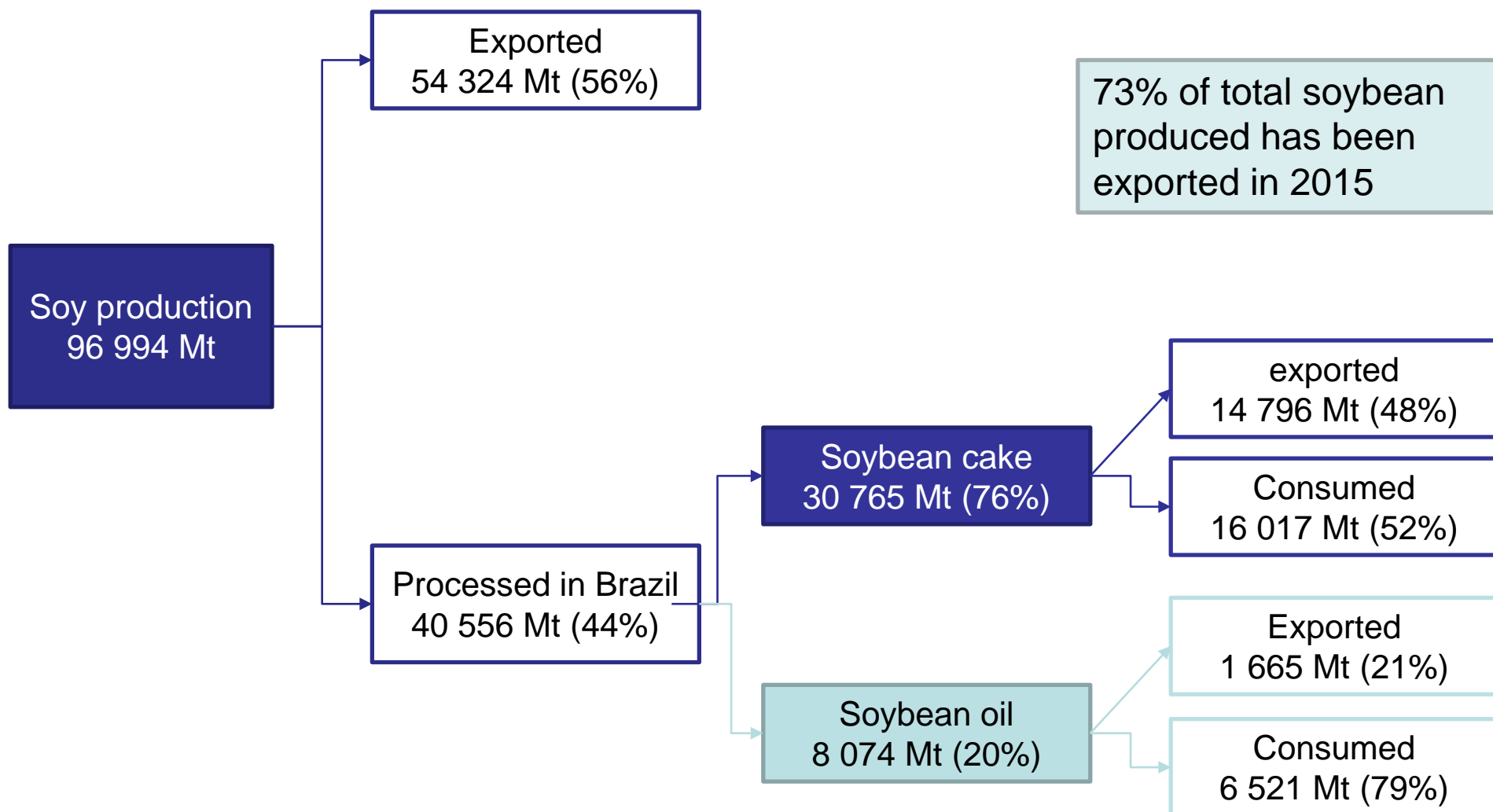


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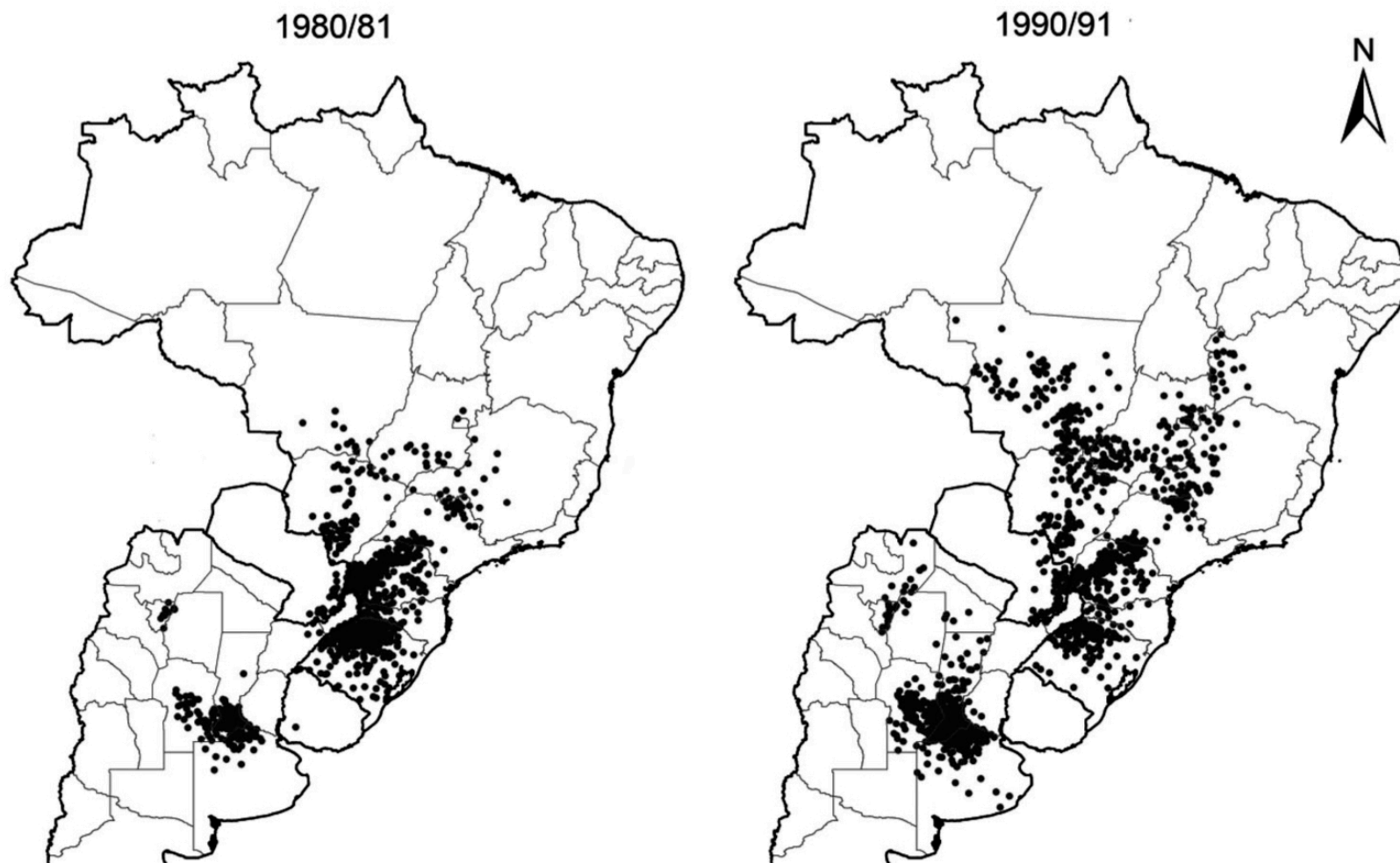


The growing role of international traders in Brazil

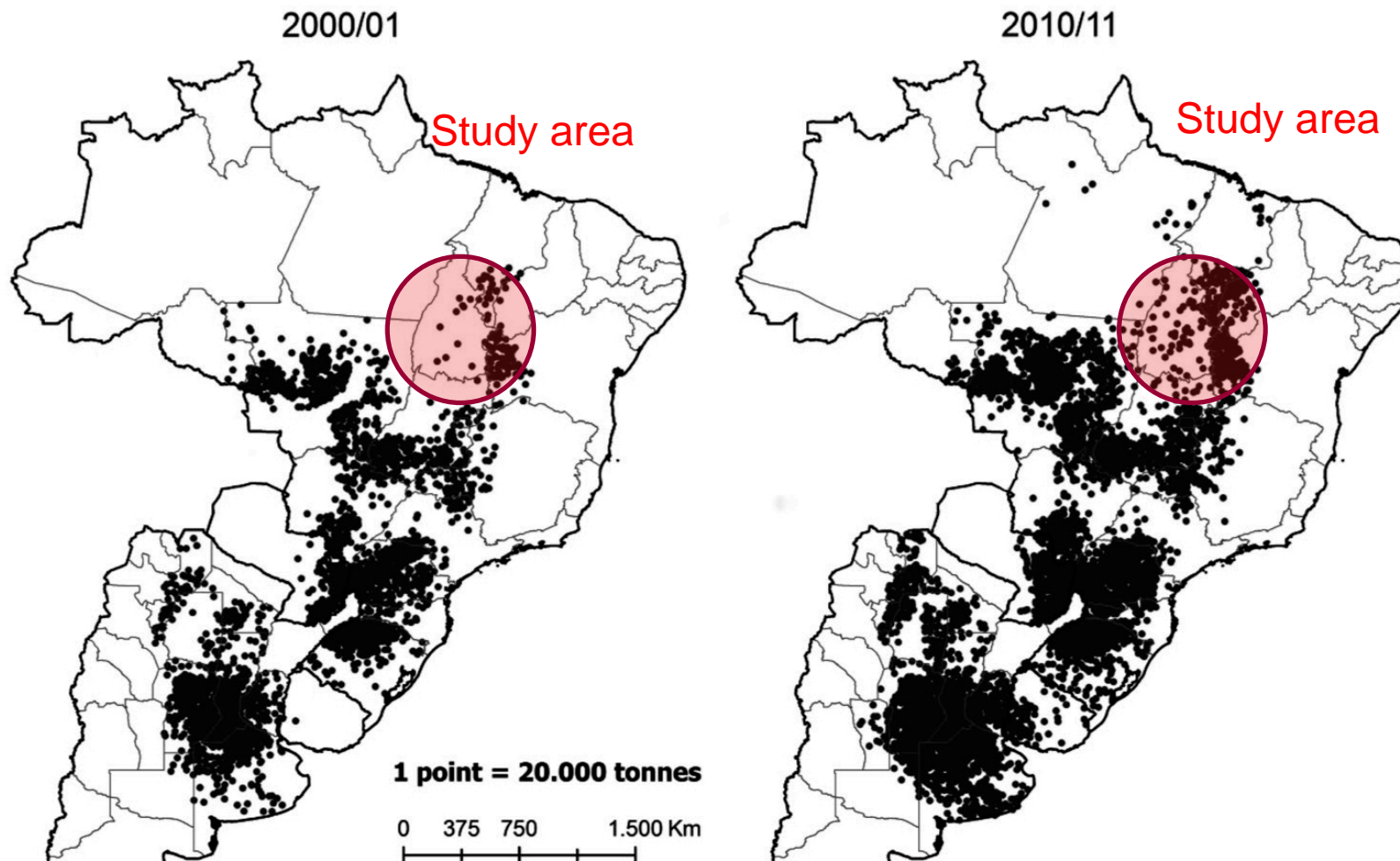
1995*				2005**			
Classement	Entreprise	Participation à la trituration du soja (%)	Origine du capital	Classement	Entreprise	Participation à la trituration du soja (%)	Origine du capital
1 ^{er}	Ceval	14	National	1 ^{er}	Bunge	24	International
2 ^e	Santista	6	International	2 ^e	ADM	12	International
3 ^e	Cargill	6	International	3 ^e	Cargill	11	International
4 ^e	Sadia	5	National	4 ^e	Coinbra	10	International
5 ^e	Incobrasa	5	National	5 ^e	Incopa	5	National
6 ^e	G. Lever	4	International	6 ^e	Granol	5	National
7 ^e	Granóleo	4	National	7 ^e	Coamo	4	National
8 ^e	Bianchini	3	National	8 ^e	Avipal	3	National
9 ^e	Perdigão	3	National	9 ^e	Bianchini	3	National
10 ^e	Caramuru	3	National	10 ^e	Caramuru	3	National
Total		53		Total		80	

Source : (Leite et Wesz Junior 2013)

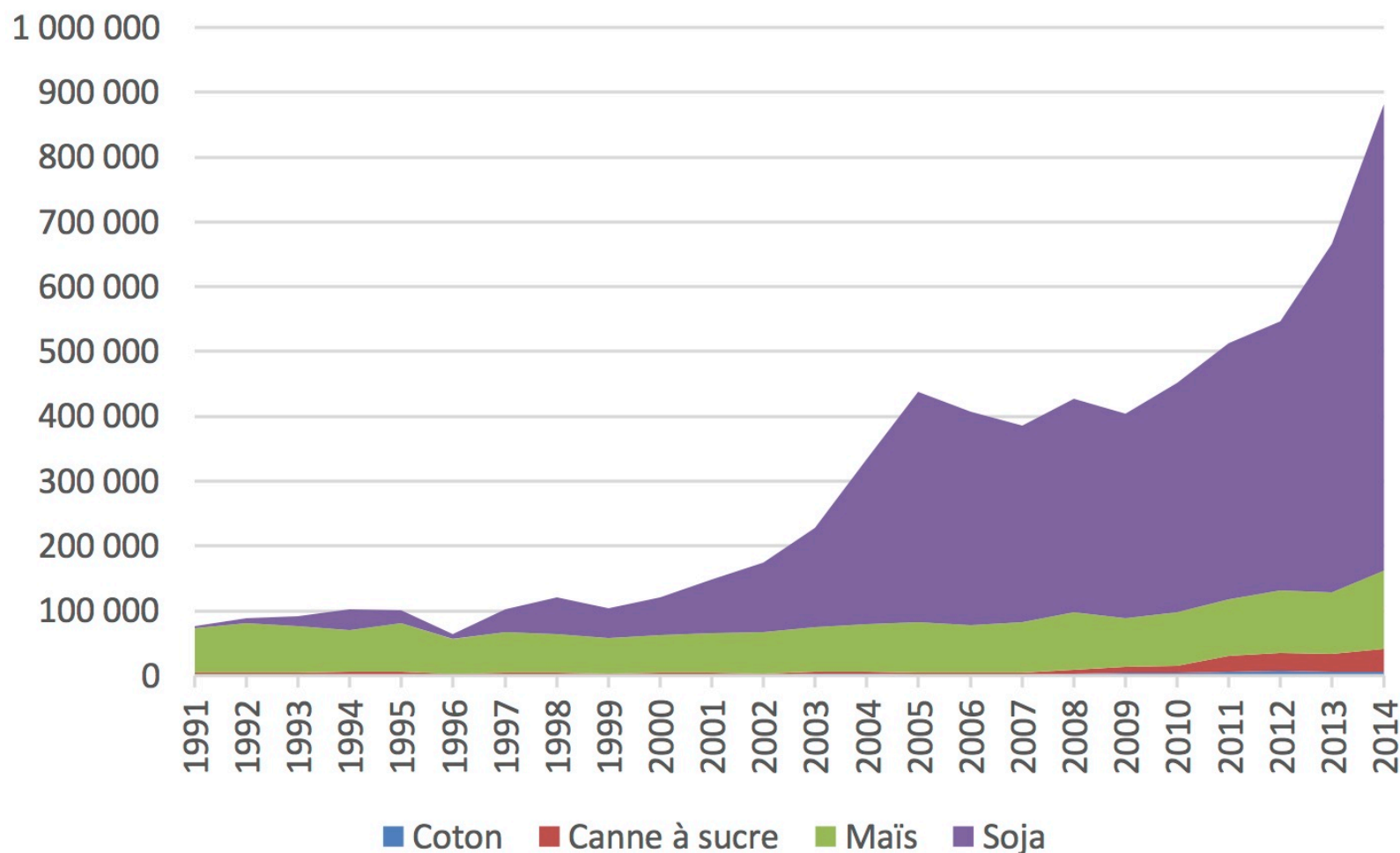
The evolving soybean frontier (1)



The evolving soybean frontier (2)

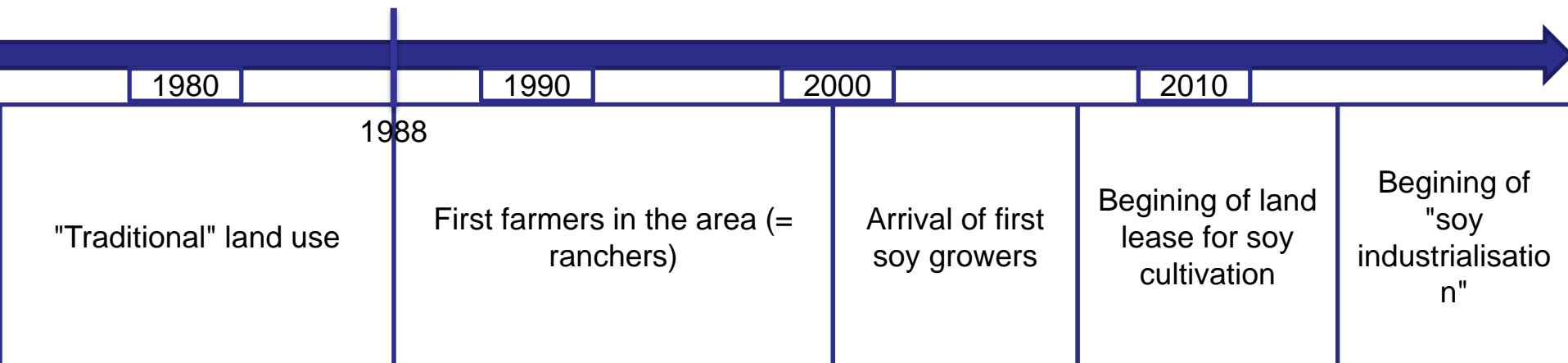


Soy expansion in the Tocantins



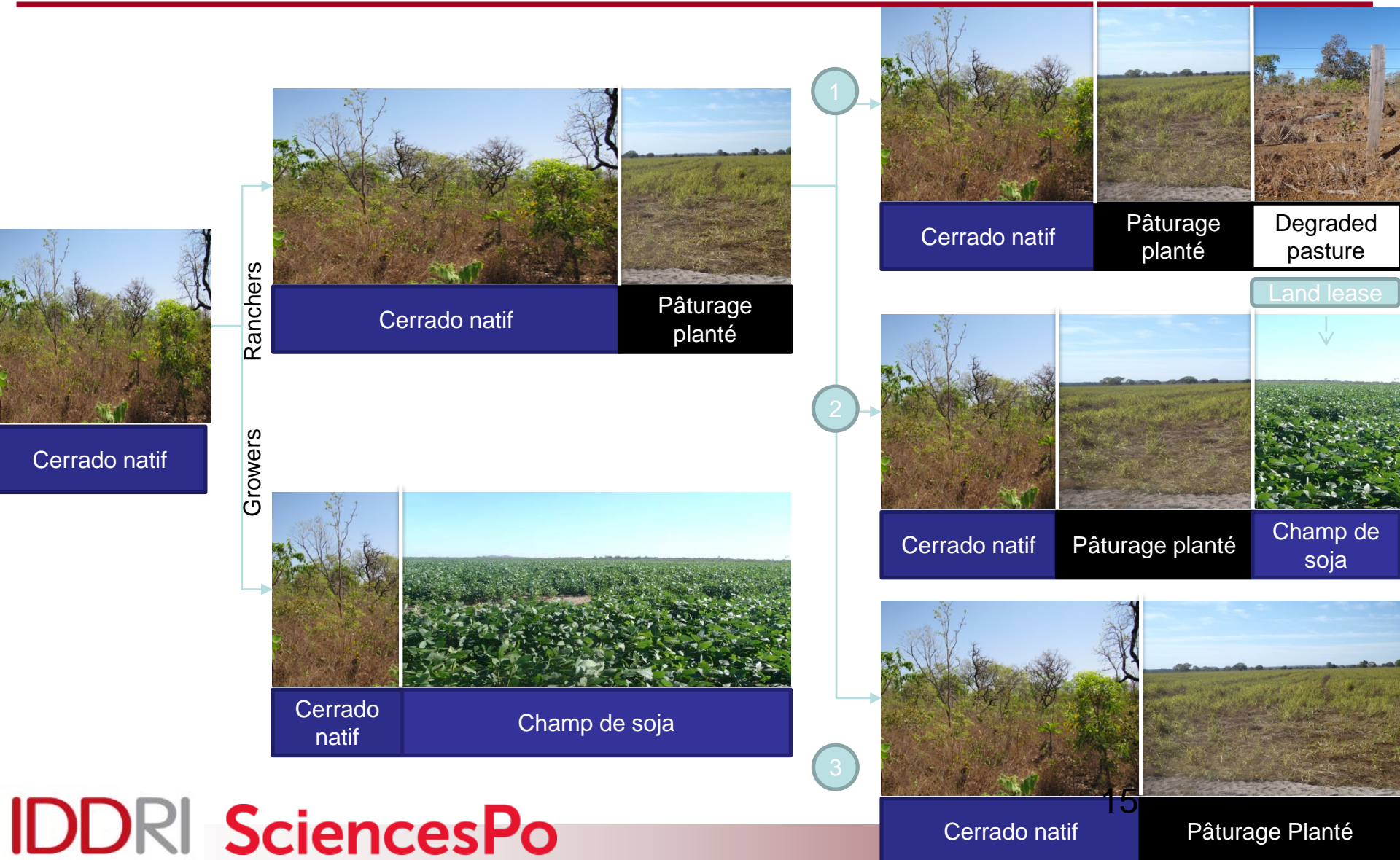
THREE MAIN FACTORS THAT DRIVE SOY EXPANSION IN THE TOCANTINS

Agrarian history in a snapshot



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From pasture land to soybean fields: the collaboration btw ranchers and growers



Soy growers are tied to their buyers — who are also their suppliers

- ✧ Most farmers access to inputs and market through the same companies, that provide also extension services for farmers
- ✧ Firms that play a central role as intermediaries for international traders *and* input suppliers (Monsanto, Dow, Bayer...)
- ✧ Farmers are highly dependent on them: credit, barter system (seeds and inputs "exchanged" with the harvest)
- ✧ ... but only on the basis of "robust" information about farmers' solvency (exchange of information between firms that are also competitors)
- ✧ Local purchasing agents are themselves "trapped" between
 - ✧ The need to report about local situations to their superior
 - ✧ The increasingly ambitious objectives (in volume) that are assigned to them year after year

Current public policies allow and even incite soy expansion over savannas

- ✧ A forestry code that allows to convert up to 65% of the land (transition area), without clear guidelines / criterion to define which areas to set aside
- ✧ Advantageous credit rates for rural credit: 6,5 to 9% vs 20% on non subsidized markets!
- ✧ Farmers access to credit with the help of "brokers" that charge a 3-5% commission
- ✧ Public research made available to farmers

Conclusion: the weak influence of supply chain initiative in the area... so far

- ✧ Major traders have committed to "0 deforestation, 0 exploitation" policies (in particular ADM)
- ✧ But with few visible consequences as of today (no respondent from the companies we interviewed mentioned it, not to speak about farmers)
- ✧ Local government have set ambitious objective for soy development in the area that are incompatible with those commitments...
- ✧ ... and which are likely to lead to the conversion of all lands available for conversion by 2030
- ✧ A situation which does not "represent" the situation in the entire cerrado but which allows for interesting comparison
- ✧ It slightly differs from what happened with the soy moratorium...
- ✧ ... where it is the combination of public action and supply chain initiatives that eventually "made" its success