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

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
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)

Level 1
The action Arena
(type of actors interacting, patterns of interaction, different agendas, etc.)

Level 2
Governance mechanisms
(bilateral or multi-stakeholder agreements, standards system, etc.)

Level 3
Implementation and Results
(more or less control, enforcement of existing rules, new rules in force)
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- IFC withdrawn a US$ 90 million Bertin loan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 controlled 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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