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## [Roads of Deforestation in Brazil: How soya and cattle are destroying the Amazon with the help of the IF](#)

In Brazil, in the past 60 years, soya agriculture has expanded from nought to over 21 million hectares of cultivated land. Soya cultivation was initiated in the more arid Southern states of Brazil, but has now extended to the central and western areas, encroaching principally upon the cerrado (the Latin American savannah woodland) and to a lesser extent the Amazon Rainforest. Driving the expansion of soya agriculture, amongst others, has been the huge expansion of cattle ranching in Brazil, primarily in the states of Mato Grosso, Pará and Rondônia. The number of head of cattle has increased from 26 million in 1990 to 164 million in 2004. The International Finance Corporation (IFC) has been very recently involved directly both in the expansion of soya and cattle ranching in Brazil.

Cattle ranching has traditionally been understood as the leading cause of deforestation in the Amazon, however soya cultivation now comes a close second, and the two combined have resulted in the clearance of 80 million hectares of land in Brazil to this date (which is roughly equivalent to 10% of Brazil's total area).

In 2003, the Centre for International Forestry Research (CIFOR), released a report highlighting how the main cause of deforestation in Brazil was the rapid expansion of cattle pasture – the Hamburger Connection all over again. It found that between 1997 and 2003, Brazilian beef export increased fivefold, and that, in 2003, for the first time, growth in Brazilian cattle production - 80% of which is in the Amazon - was export driven.

Simultaneously, ever since the foot-and-mouth outbreak in 2001, soya has become increasingly important as the basic ingredient for cattle feed in Europe and the USA, and a large volume of Brazil's soybean production is exported to Europe – in 2003, soya exports represented 6% of Brazil's GDP. The Brazilian government now estimates that its total soya production will reach 63.6 million tons in 2005. Thus, the area of productive soya cultivation in Brazil has increased by about 50% in the past 4 years (from 14M ha in 1990 to 21M ha in 2004). The cultivation of soya in the Amazon has been at the root of increased direct deforestation of the cerrado in Brazil where soya production is concentrated, and of increased indirect deforestation of the Amazon through the displacement of land-based activities from the areas taken over by soya. As Philip Fearnside, co-author of a report in *Science* (21-May-2004) and a member of Brazil's National Institute for Amazonian Research in Manaus, explains:

“Soybean farms cause some forest clearing directly. But they have a much greater impact on deforestation by consuming cleared land, savanna, and transitional forests, thereby pushing ranchers and slash-and-burn farmers ever deeper into the forest frontier. Soybean farming also provides a key economic and political impetus for new highways and infrastructure projects, which accelerate deforestation by other actors.”

The danger of soya expansion generating further damaging encroachment into the rainforest ecosystem has been reiterated by many. WWF has estimated that nearly 22 million hectares of forest and savannah land in Latin America could be destroyed by 2020 as a result of soya agriculture.

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This would not only devastate unique ecosystems, but put at risk countless indigenous people, their cultures and their survival. In many regions, unclear land tenure regimes and corruption have greatly assisted the expansion of soya agribusiness. Indigenous peoples are threatened with eviction from their ancestral lands to make way for soya, while landless peasants are threatened with a further reduction of the landbase and the water tables. Soya agriculture has in fact proven to disrupt local hydrological and climatic systems – and this may be the reason for which soya yields actually fell in 2003-04 as a result of the drought.

The human rights abuses resulting from the expansion of cattle ranching in the Amazonian states of Mato Grosso, Rondônia and Pará are severe, especially with regards to indigenous peoples and landless peasants. There has been an enduring conflict between indigenous peoples and invading cattle ranchers over land, and in most cases, the cattle ranchers win the struggles, largely thanks to corrupt political protection and the use of violence. There have been repeated cases such as that of the Guaraní-Kiaowá in Mato Grosso, whose struggle for their lands in the face of invasion by cattle ranchers in the past 20 years has led to displacement, violence, murder, loss of livelihoods, famine and suicide.

Despite the serious environmental and social consequences of soya production and cattle farming, in the past 2 years, the IFC has provided 2 loans to the largest soya agribusiness in the country, Grupo Amaggi, and is close to approving a loan to Bertín, Brazil's largest beef exporter.

Leading the expansion of soya in Brazil is Blairo Maggi, the so-called 'King of Soya', who is the governor of the province of Mato Grosso, as well as the CEO of Grupo Amaggi. Both in July 2002 and December 2004, the IFC lent Grupo Amaggi US\$ 30 million. The 2002 loan was provided to support the incremental working capital needs of Amaggi, such as farmers' advances and inventories of soybeans and by-products. The 2004 loan was for the establishment of additional soybean collection centres and silos and to further help meet Amaggi's growing working capital needs. Blairo Maggi is, incidentally, also the main proponent of the paving of the BR-163, the soon-to-be superhighway linking Mato Grosso to Santarém, a major port on the Amazon River. This would greatly facilitate the transport of soya, and according to the Amazonian Institute for Environmental Research, the 1600km road would cut a 10 million ha swath of land through the region. Maggi is unrepentant however: "To me, a 40% increase in deforestation doesn't mean anything at all, and I don't feel the slightest guilt over what we are doing here. We are talking about an area larger than Europe that has barely been touched, so there is nothing at all to get worried about."

Subsequently, in December 2004, it appeared that a loan of US\$ 300 Million had been approved for Bertín, despite strong protests by international and national NGOs. Robert Goodland, an ex-World Bank senior staff member, noted in December 2004, that "The Bertin project violates the bank's environmental safeguards."

Soya expansion and cattle ranching are proven to massively increase deforestation and generate serious social, economic and cultural problems for indigenous peoples and landless peasants in Brazil. However, the IFC's safeguard policy relating to forests, the Forestry Policy (OP 4.36) of 1998, does not provide any safeguards for forests and forest-dependent peoples in projects that are not directly forestry related. Therefore, the projects outlined in this article are implemented without any provisions for their impacts on forests and forest peoples. Furthermore, there is only one other policy that would provide some protection for ecosystems in the Amazon under these projects: the Natural Habitats Policy (OP 4.04). The most important provision of this policy is that "The IFC does not support projects that, in the IFC's opinion, involve the significant conversion or degradation of critical natural habitats" (point 3). This provision should logically cover the cerrado and Amazon rainforest

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ecosystems, and yet, clearly, “in the IFC’s opinion”, the soya expansion projects it has financed and the cattle ranching project it is proposing to finance do not involve the “significant” conversion of these critical habitats.

The IFC has financed the expansion of soya through one of the most irresponsible agri-business companies, and is proposing to finance the biggest cattle ranching outfit, in Brazil. Both these activities have been proven, time and again, to be not only massively destructive to Brazil’s fragile ecosystems, but to its indigenous peoples and its landless poor. The IFC’s current safeguard policies and environmental and social sustainability screening system provide inadequate protection to forests, forest-dependent peoples and landless people. The policy gap is therefore huge, and glaring. The IFC’s current safeguard revision process has much progress to make, and many loopholes to address before it will be accepted by most NGOs, indigenous peoples, and forest-dependent communities.

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