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# The Brazilian-EU Soy Chain

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# The Brazilian-EU Soy Chain

**Presented by: Milieudefensie/Friends of the Eearth of The Netherlandse**
**Prepared by: Michiel van Geelen**

## 1. Introduction

### Soy in Brazil

Although soy oil covers a quarter of the world-wide demand for edible oils, it is in fact only a by-product. The main product made from soy beans is soy meal. This is rich in protein and therefore much sought-after as animal food. The growing demand for meal therefore drives the production of soybean. Between 1993 and 2005 the global harvest rose from 115 million tons to 223 million tons. The United States are still the biggest producers with 41 percent of global production. However the production of Brazil and Argentina combined is already larger than that of the USA. In South America, soy acreage is expanding at high speed, from 18 million hectares in 1995, to 38 million in 2004. The driving forces behind this are the exports to Europe and Asia, mainly China. Half of Brazil‘s soy production comes from the Cerrado. This is the savannah with the greatest biodiversity in the world. The past few years the expansion is spreading rapidly into the Amazon biome.

### The Brazil-EU soy chain

The Brazil-EU soy chain starts with soy farmers. The soybean is an annual crop, and it is grown on family farms as well as on plantations. However to profit from soy production as a global cash crop, farming must be done on a large scale. In Brazil, soy plantations reach up to 10,000 hectares in size. After the harvest, the soybeans are bought, collected and transported to crushing plants or exported. These stages in the production chain are the domain of the soybean traders. World trade and processing of soy is concentrated in the hands of a small number of global commodity traders who also often control other aspects of the food chain: ADM, Bunge, and Cargill. Using loans provided by (mainly European) private financial institutions this cartel assumes the role of the banks in providing resources to farmers. Instead of offering loans they provide farmers with seed, fertiliser and chemicals in return for soy at harvest: Bunge alone provided the equivalent of nearly US$1 billion worth of inputs to Brazilian farmers in 2004. This gives the companies indirect control over huge swathes of land. Together, these three giants are responsible for about 60% of the total financing of soy production in Brazil and control around 80% of the EU’s soy crushing capacity for meal and oil.

Such integrated production – the ownership of many parts of the supply chain – means that they have a virtual monopoly on supply. The Netherlands is the world’s second largest importer of soy (after China), and has expanded its processing capacity from 6.3 million tonnes in 1995, to 8.1 million tonnes in 2003. Two thirds of this originates from South America, mainly from Brazil. The EU as a whole is by far the most important importer of South American soy with almost 33 million tonnes (2003). By far the largest share of the imported soy is processed to animal feed, mainly pigs, poultry and cows. In the Netherlands 93% of consumption is for the animal feed sector. The feed industry either buys imported soy meal or meal from European crushing plants. These animal feed producers supply feed processed with crude soy materials to farmers, particularly broiler and pig farmers. In turn, these farmers supply broilers and pigs to abattoirs. Dutch multinationals who are involved in the soy chain are Rabobank and ABN-AMRO (finance of primary production and traders), Nutreco and Provimi (feed production), Vion Food Group (slaughterhouse) and Ahold (retail).

## 2. Social and environmental impacts of the Brazil-EU soy chain

**Land conflicts and illegal land acquisition**
In Brazil as a whole, the number of land conflicts increased by 12 percent between 1997 and 2002. In Mato Grosso where the expansion of soy cultivation is the highest, the number of conflicts grew by 139 percent. The number of violent incidences increased even stronger from 39 in 1997 to 149 in 2003. In a number of cases soybean expansion penetrates indigenous reserves destroying peoples livelihoods.

Examples / further information: Dros & van Gelder (2005): pp. 11, 20, 22. Bickel (2005): pp. 9, 17-18. Bickel & Dros (2003): pp. 12, 20. Stickler, C.M, Bartels, W., DiGiano, M., Veluci, R.M., Keefe, K.J., and Hart W. (2004): pp. 20-22.

**Violation of human and labour rights / slavery**
The clearing of natural vegetation for soy is one of the few activities in the soy production chain that requires manual labour. Labour conditions are often extremely poor, often paying less than minimum wages. Many cases of slavery have been observed. Slavery in Brazil is not an exception. In 2003, the Brazilian Government intervened in 238 cases freeing a total of 8.385 slaves including child slaves. Taking into account the small amount of government staff who are responsible for investigating slavery cases, the real figures are probably much higher. Slavery is most common in Mato Grosso and Para, both in the Amazon region.

Examples / further information: Dros & van Gelder (2005): pp. 12, 18, 20. Bickel (2005): pp. 11, 18. Bickel & Dros (2003): pp. 12, 20.

**Land concentration and (forced) rural exodus**
Small scale farmers and other local inhabitants are being pushed of their lands by large scale soy producers. In many cases the locals sell the land for extreme low prices (below US$ 10 per hectare). In addition, there have been many reports of peasants being threatened if they do not sell their land. These developments have led to a massive depopulation of agricultural frontier areas. Large numbers of rural inhabitants have ended up in big city slums.

Examples / further information: Dros & van Gelder (2005): pp. 12, 17, 18, 22. Bickel (2005): pp. 12, 16-17.

**Food security**
Industrial soybean cultivation is expanding at the expense of small scale, labour intensive family farming of staple foods. As a result large numbers of people are experiencing reduced diversity in food supply and food self-sufficiency. It is extra cynical that millions of children are underfed while Brazil is one of the largest exporters of animal fodder in the world.

Examples / further information: Bickel (2005): p. 15-16. Stickler, C.M, Bartels, W., DiGiano, M., Veluci, R.M., Keefe, K.J., and Hart W. (2004): pp. 24-28.

**Socio-economic impacts**
Large scale mechanised soy production is very labour extensive. Labour requirement is only one job per 100-500 hectares. Soy production therefore has a negative impact on agricultural employment. The added value of the soy production chain benefits external stakeholders (landowners, banks, trade houses, transport companies) most; little value is added inside the production areas.

Examples / further information: Dros & van Gelder (2005): pp. 12-13, 19. Bickel (2005): pp. 11, 16-17.

**Agro-industrial model**
Above mentioned concerns do not only relate to soy cultivation. Many of these problems also exist with the agro-industrial production of other commodities. These production methods which are often aimed at large scale exports of agricultural products involve large scale mono cultures and use great amounts of chemical fertilizers, pesticides and fossil fuels. The consequent streams of food and feed around the world

cost lots of energy and are an important contributor to climate change. The continuous stream of nutrients from South America towards Europe causes a problematic surplus of manure in Europe which results in pollution of the air, soil and water. In South America the soils get exhausted and eroded. Only a massive use of chemical fertilizers (again based on fossil fuels) and new deforestation keeps this process going.

Examples / further information: Bickel (2005): pp. 11, 16-17.

**(Illegal) deforestation of Amazon forests and Cerrado savannah.**
Expansion of soy production is one of the main threats to the Amazon forests. In the Brazilian Amazon the annual deforestation rate of primary and secondary forest for soy production is estimated to be about 700.000 hectares. About 70 per cent of the current increase in agricultural acreage in the Amazon is dedicated to soy. The indirect deforestation caused by soy expansion is even higher. Soybean farms consume cleared land, savannah, 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.
Besides deforestation in the Amazon also the conversion of the Cerrado biome and the impacts on the Pantanal ecosystem (see below) are highly problematic. The Cerrado is the second biggest ecosystem in Brazil after the Amazon and is considered as the savannah richest in species in the world.

Examples / further information: Dros & van Gelder (2005): pp 9, 15-17, 20. Bickel (2005): pp. 8-10, 18. Bickel & Dros (2003): pp. 10-11, 17-18, 23-24, Instituto Socioambiental (ISA) (2005) "*Illegal deforestation in Matto Grosso: impunity is the rule*": http://www.socioambiental.org/e/nsa/detalhe?id=2074

**Pesticides**
High use of pesticides leads to environmental pollution, poisoning of neighbouring peasants and indigenous peoples and destruction of crops. Furthermore, as the soil quality of former Cerrado and Amazon landscape is poor; vast amounts of agro-chemicals, fertilisers and pesticides are used in order to increase productivity. These additives have polluted and greatly increased the pH level of several important waterways. A number of these feed the Pantanal, one of the world's largest freshwater wetland ecosystems. Part of this region is on the World Heritage List of the UN. The pollution threatens the livelihoods of tens of thousands of people who depend on the Pantanal ecosystem for their incomes.

Examples / further information: Dros & van Gelder (2005): pp. 11, 17, 21. Bickel (2005): p. 14-15. Bickel & Dros (2003): pp. 18, 25. Stickler, C.M, Bartels, W., DiGiano, M., Veluci, R.M., Keefe, K.J., and Hart W. (2004): pp. 22-24.

**Erosion / silting**
The deforestation of Cerrado for soy expansion results in extensive sedimentation buildup in the waterways of the lowland areas of the Pantanal. The Environment Program of the UN considers expansion of soybean cultivation as one of the biggest threats for this unique ecosystem. 'Zero-tillage' or 'minimum-tillage' is often been mentioned as a way to reduce the erosion. However, this system implies a very high use of pesticides to kill the crops and weeds in between the harvest and planting.

Examples / further information: Dros & van Gelder (2005): pp. 10, 17, 21. Bickel (2005): p. 14-15. Bickel & Dros (2003): pp. 18, 25.

**IIRSA / Hydrovia**
Large infrastructure projects (IIRSA, Hydrovia) threaten the water supply of the Paraguay-Paraná basin which feed the Pantanal. An important rationale for these projects is to lower the costs of exporting soybeans to Europe and Asia.

Further information: Stickler, C.M, Bartels, W., DiGiano, M., Veluci, R.M., Keefe, K.J., and Hart W. (2004): p. 19. Lettter of Rios Vivos (coalition of over 400 Brazilian NGO's) to the Inter–governmental Committee on the Paraguay–Paraná Hidrovia: http://www.irn.org/programs/hidrovia/en-cih2003.pdf

**Forest fires**
The use of fire for land clearing is common practice in both forest areas and savannahs. In Mato Grosso, Brazil's main soy producing region, there were more than 32,000 illegal forest fires in 2004, up from 28,000 in 2003. This comprises 60 % of all registered fires in the Brazilian Amazon.

Source: Dros & van Gelder (2005): p. 20 / AIDEnvironment, (2005) *Factsheet Soy production in South America*: http://www.aidenvironment.org/soy/03_factsheet_soy_aug05.pdf

**Expansion of GMO (Roundup Ready) soybeans**
Adoption of genetically modified soy increases the dependence on a limited number of multinationals and limits the choice of varieties. Direct planting and lower labour requirements for weeding greatly reduce the number of rural jobs. Experiences in Argentina have shown that after a number of years of growing transgenic soybeans, soils are completely deteriorated leading to worsened erosion and desertification. According to the producers of modified seeds the use GM-varieties can reduce the use of pesticides. But in reality the use of pesticides has increased after the introduction of GMOs.

Sources / further information: Bickel (2005): p. 4, Bickel & Dros (2003): p. 11, Benbrook, C.M. (2005). *Rust, Resistance, Run Down Soils, and Rising Costs - Problems Facing Soybean Producers in Argentina*.

**Sources:**
Benbrook, C.M. (2005). *Rust, Resistance, Run Down Soils, and Rising Costs - Problems Facing Soybean Producers in Argentina*.
Bickel, U., 2005 - *Human rights violations and environmental destruction through soybean production in Brazil*.
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Dros, J.M. & Gelder J.W. van, 2005 - *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*.
Stickler, C.M, Bartels, W., DiGiano, M., Veluci, R.M., Keefe, K.J., and Hart W. (2004). *An evaluation of International Finance Corporation financing of Grupo André Maggi (Project Nº 11344) in the soybean sector: Environmental and social impact considerations*.

## 3. The TNC's in the Brazil-EU soy chain

**Traders / crushers in Brazil and Europe**

Soybean trading and crushing in Brazil is dominated by a limited number of large, international commodity trading companies. The four most important are the following:

- Archer Daniels Midland (ADM) (United States)
- Bunge (United States)
- Cargill (United States)
- Louis Dreyfus (France)

Another important player in the Brazilian soy sector is Grupo André Amaggi. This company is probably the largest individual soy producer in the world. Although this company is only active in Brazil, it is still very important for a number of reasion within theperspective of the PPT tribunal. First of all the owner of the company, Blairo Maggi, is also governor of Mato Grosso, the largest soy producing state of Brazil. Amaggi is instrumental in developing infrastructure for further soy expansion. The company exports 90 per cent of its soy to the EU and Japan.

Using loans provided by (mainly European) private financial institutions ADM, Cargill and Bunge assume the role of the banks in providing resources to farmers. Instead of offering loans they provide farmers with seed, fertiliser and chemicals in return for soy at harvest: Bunge alone provided the equivalent of nearly US$1 billion worth of inputs to Brazilian farmers in 2004. This gives the companies indirect control over

huge swathes of land. Together, these three giants are responsible for more about 60% of the total financing of soy production in Brazil.
In Europe ADM, Bunge and Cargill control more than 80% of crushing capacity. ADM is active in The Netherlands, Germany and the United Kingdom; Bunge, in France, Germany, Spain, Italy and Denmark; Cargill, in The Netherlands, Germany, Belgium, Italy, France, the United Kingdom and Spain. Other companies are also present, but only nationally, although they are highly integrated and influential in the sector. Such is the case of Dreyfus in France, which is also very active in Brazil.

**Cargill**
Cargill Inc. in Minneapolis (Minnesota, USA) is probably the largest privately-owned business in the world. The company has 124,000 employees in 59 countries and sells agricultural and non-agricultural crude materials worldwide. Cargill also is an important supplier of semi manufactured and end products for the food industry and the retail trade. In addition, Cargill provides large-scale financial services in risk management. In 2004/2005 Cargill achieved a turnover of US$71.1 billion, resulting in net earnings of US$1.5 billion. Cargill B.V., the Dutch subsidiary of Cargill Inc., has 2,000 employees and ranks as one of the 20 largest companies in the Netherlands. In the Netherlands Cargill trades sugar, fertiliser and crude materials for feed and produces and processes orange juice, cocoa, barley (malt), glucose and starch (from corn and wheat), chicken, textured soy proteins and refined oils and fats. The company owns its own transshipment company (IGMA) and a crushing factory for soybeans with a processing capacity of 3,300 tonnes per day. This crushing factory mainly processes soybeans from the United States, Brazil and Argentina. In 2003/2004 Cargill B.V. realised a turnover of €3.3 billion, resulting in net earnings of €72.3 million. The crushing factory, however, hardly contributed to these earnings. Cargill reports that the crushing margin suffers from severe competition from Argentinean crushers, the worsening Euro/dollar rate, the falling production of feed in Europe and the ongoing discussions about GE soy.

The growth of the crushing capacity in Latin America in particular is expected to precipitate a restructuring of the European crushing industry. Cargill's much smaller crushing factory in Gent (Belgium) has already been taken out of service in May 2005 for an indefinite period. In the Cargill soy crushing factory in the Amsterdam Coen harbour the hulls of the soy beans are removed and processed into feed. The dehulled beans are then separated into soy meal and soy oil using the solvent hexane. Most of the meal goes to the feed industry and some of the crude soy oil is sold as an ingredient for livestock feed; the rest of the soy oil is refined for human consumption.

**Bunge**
Bunge is an American publicly-owned agricultural commodity trader and processor, which started in the Netherlands in the early 19th century. At the end of that century the company moved to Argentina, and only recently it moved its headquarters to the United States. In 2001, the company was listed on the New York Stock Exchange. By moving to the United States and making an IPO, the company strongly increased the amount of capital it could use for investment purposes. In September 2002 this resulted in the acquisition of Cereol from the Italian Edison group, which gave Bunge for the first time a strong presence in Europe, largely expanded its North-American activities and made Bunge into the largest soybean trader and crusher in the world. Headquartered in White Plains, New York, Bunge has over 18,000 employees and operations in 21 countries. In 2001, before the Cereol acquisition, Bunge realised net sales of US$ 11.5 billion. Cereol realised net sales of € 5.2 billion in the same year.

**Archer Daniels Midland (ADM)**
The publicly-owned American company Archer Daniels Midland (ADM) is one of the largest global agricultural commodity trading and processing companies in the world. ADM is one of the world's largest processors of soybeans, corn, wheat and cocoa and a global leader in the production of soy meal and oil, ethanol, high fructose corn syrup (HFCS) and flour. In addition, ADM is building a position in such value-added products as specialty food ingredients, bioproducts and nutraceuticals (such as Vitamin E and sterols). Headquartered in Decatur, Illinois, ADM has over 24,000 employees, more than 260 processing plants and net sales for the fiscal year ended June 30, 2002 of US$ 23.5 billion.

**Dreyfus**
Dreyfus is a multinational specializing in international trading, processing and marketing of agricultural and energy inputs, generates a turnover of US $20 billion and is present in 53 countries. It is active in maize, barley, wheat, rice, sorghum, rapeseed, sunflower and oleaginous products. Its crushing capacity in South America amounts to 20,000 tonnes per day (12,000 in Argentina and 8,000 in Brazil). In Brazil, Dreyfus has 6 crushing plants and a port and storage complex. In Argentina, it operates, via its SACEIF Louis Dreyfus & Cia subsidiary, the Général Lagos industrial complex, which includes a crushing plant and a deep-water port on the Parana River, accessible to large-tonnage vessels. Its storage capacity is 1.1 million tonnes and its transport capacity is 35,000 tonnes per day. Dreyfus has thus opted for a different strategy from that of Cargill, carrying out processing directly in Brazil, which has converted Dreyfus into a leading player in that country, alongside the three American companies.

**Grupo André Maggi**
The governor of the state of Mato Grosso is Blairo Maggi, the owner of the Maggi group, who is also known as the *rei da soja* - the Soybean King. The Maggi Group is the largest private soy producer in the world. The company grossed $600 million in sales in 2004, primarily managing the production, trade and processing of over 2 million tons of soy, most of it destined for livestock in Europe and Asia. Maggi has also been key in establishing transportation infrastructure that further opens theAmazon to development and deforestation. Apart from its own soybean production in Mato Grosso, the company buys huge amounts of soybeans from its own farmers in the western central Brazil and transports these to export markets. In 2004, Grupo André Maggi planned to plant 170.000 hectares, which would produce 360.000 tons of soybeans. The group expected to trade 2.5 million tons of soybeans from its own farms and from more than 900 other farmers. At the beginning of the soybean cropping season (June-July) the company provides advances to smaller farmers, in the form of seeds, fertilizers, pesticides and cash. In the harvest time (January-April) the company purchases the soybeans for a reduced price (because advances are deducted) and stores the soybeans it its seven storage facilities. Total storage capacit amounts to 538.000 tons. From these facilities, the soybeans are transported to the market. 90% of this amount is exported to Europe and Japan, partly after crushing in the two crushing plants the group operates (in Cuiabá/ Mato Grosso and in Itacoatiara/ Amazonas). Total sales of Grupo André Maggi reached US$ 550 million in 2003. In 2003, Maggi's first year as governor, the deforestation rate in Mato Grosso more than doubled.

**Finance by European banks**
The large multinationals who dominate the soy trading and crushing industry are being financed by North American and European private banks. Just the last six years these syndicated loans have totalled several billions of dollars.

The following European banks are the most influential in the soy sector:

- ABN AMRO Bank The Netherlands
- BNP Paribas France
- Commerzbank Germany
- Crédit Agricole France
- Crédit Lyonnais France
- Crédit Suisse Switzerland
- Deutsche Bank Germany
- HSBC Bank United Kingdom
- ING Bank The Netherlands
- IntesaBci Italy
- Rabobank The Netherlands
- Société Générale France

## Animal feed production in the Netherlands

### Hendrix UTD (Nutreco)

Hendrix UTD is a subsidiary of the Dutch food and feed company Nutreco, with 90 holdings in 20 countries. Hendrix UTD was founded in 1998 after the merger of Hendrix' Voeders and Mengvoeder UT-Delfia. It is the biggest private feed producer in the Netherlands with an annual production of 1.8 million tonnes. It delivers cattle feed throughout the Netherlands and parts of Denmark and Germany; pig feed throughout the Netherlands and parts of Germany; layer feed throughout the Netherlands and Belgium and broiler feed throughout the Netherlands and Western Germany.

### Provimi B.V.

The Dutch company Provimi is one of the biggest feed producers in the world, with over a hundred factories in 30 countries. Worldwide turnover in 2004 was €1.6 billion, resulting in a net profit of €18.7 million. However, contrary to the other companies listed here, Provimi's activities in the Netherlands are limited to the production of premixes (mixtures of minerals, vitamins and other additives for feed), special feeds for piglets and milk substitutes for calves. Provimi delivers its premixes to feed producers and the piglet feeds and milk substitutes to farmers. Soy products are one of the main ingredients used in the manufacture of milk substitutes for calves.

## Pig slaughter houses in The Netherlands

### Vion B.V.

Vion B.V. is the largest producer of pork and beef in Europe. Vion originated from a recent merger between the Dutch pig slaughterhouses Dumeco and Hendrix Meat Group, the Dutch cattle slaughterhouse Kroot Vlees and the German meat companies Moksel, Nordfleisch and SüdFleisch. In the Netherlands Vion has approximately 4,200 employees at 18 locations. Annual turnover in the Netherlands is €2.2 billion. Vion has a more than 80% share of the Dutch pork market. Vion B.V. is a subsidiary of Sovion N.V., the biggest agricultural enterprise in the Netherlands with approximately 14,000 employees. For 2005 a turnover of €6.5 billion is expected, putting Sovion among the top 20 biggest Dutch manufacturing companies. The ultimate stockholder of Sovion is the Dutch Zuidelijke Land- en Tuinbouworganisatie (ZLTO) which promotes the interests of farmers in the provinces of Noord-Brabant, Zeeland and southern Gelderland. The ZLTO has approximately 19,000 members, representing more than 12,000 agricultural enterprises. Vion delivers slaughtered beef and pork to the meat processing industry, the wholesale trade and butchers, but also produces meat products itself and delivers fresh pre-packed meat to supermarkets. Besides its home markets of Germany and Netherlands, Vion also focuses on important export countries such as Italy, the UK, Belgium, France, Greece and many other countries in and outside Europe.

**Sources:**


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## 4. Evidence of direct involvement of large soy traders in illegal practices

### Violations of human and labour rights / slavery

"Slavery is a big problem in Piauí, where 15% of the total number of cases in Brazil were registered. Most cases of slavery are found in the municipalities of Urucui, Barros and São Raimundo Nonato. Two soy producers, owners of the Cosmos and Ribeirão *fazendas*, were fined by the Brazilian Ministry of Labour for slavery practices. The labourers on Cosmos *fazenda* – which supplies soy to Bunge – were used to remove the Cerrado vegetation remaining after mechanical deforestation by the *correntão* method.
They were not registered and were forced to work seven days a week, ten hours a day without any protective clothing. Three minors of 15 and 16 were involved. The accommodation consisted of improvised sheds with roofs of plastic foil and without walls. Sanitation, drinking water and first aid were not available. Provisions (food, clothing, liquor and cigarettes) made available to the labourers by the company or an intermediary were deducted from their wages against exhorbitant prices, forcing them into debt with the *fazenda* (debt slavery). The owner of the Ribeirão *fazenda* was fined for similar reasons and both companies are being prosecuted by the Counsel for the Prosecution. Similar excesses have been reported at the Graúna *fazenda*, which supplies fuel wood to Bunge." (Dros, J.M. & Gelder J.W. van (2005). *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*: p. 12)

"Pará has the largest number of registered cases of slaver labour in Brazil (4,227 in 2002), largely related to cattle farming. The owners of these ranches also make use of slave labour to convert forests and cattle fields into soy plantations. In 2004 during raids the Brazilian labour inspection (MTE) freed an unknown number of slaves who were deployed to cultivate soy fields in the municipalities of Dom Eliseu and Ulianópolis. There are indications that labour laws are violated on a large scale taxes are being evaded."
(Dros, J.M. & Gelder J.W. van (2005). *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*: p. 18)

"The state of Mato Grosso in Brazil has the highest production of soy and the highest increase in area of land under soy cultivation, from 3 million hectares in 2000 to 5.6 million hectares in 2005. The paving of the road to Santarem will further stimulate production. As in Piauí and Pará, this expansion is associated with violation of human rights and deforestation. Every year the Brazilian Federal Ministry of Labour releases a 'dirty list' (*lista suja*) of the top 100 agricultural enterprises fined or convicted for engaging slave labour. Ten soy and/or cotton enterprises featured on the 2005 list. Of these, at least two soy farms (Vo Gercy and Tupy Barão) produced soy that was exported by the traders Amaggi, Bunge, Coinbra (a subsidiary of Louis Dreyfus) and ADM to the Netherlands." *(*Dros, J.M. & Gelder J.W. van (2005). *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*: p. 19)

"In September 2001, the Mobile Inspection Group liberated labourers whose fundamental rights were being violated at the Tupy Barão Farm, owned by Agropecuária Tupy. Amongst other illegal acts, the labourers were subject to fraudulent retention of wages and were forced into an ever-increasing debt to buy goods. They were held on the farm against their will and received punishment beatings. Shelter consisted of shanties made of thin bamboo poles and covered with nylon fertiliser bags or canvas. Some were open to the weather. In February 2003, 16 months after the inspection, Bunge and Grupo André Maggi bought soya from Tupy Barão Farm." (Greenpeace International. (2006). *Eating up the Amazon*. p.32)

"Vale do Río Verde Farm is part of Agropecuária Vale do Río Verde, controlled by the brothers Orlando and Caetano Polato. The farm cultivates soya, maize and cotton. In 2005, the government Inspection Group found 263 labourers whose rights were being violated, and eight were deemed to be working in conditions of enslavement. Almost all of the labourers were from Maranhão – one of Brazil's poorest states. According to the inspection report the workers had not been paid, their documents had been taken, and they were forced to work at gunpoint. One of the bossmen brought in a relative who worked for the police to intimidate the labourers. Working conditions were appalling, with workers forced to clear land of

tree roots for planting in their bare feet. There was proper sanitation and no proper accommodation. Food and other goods had to be bought through the farm shop at inflated prices – this was then deducted from salaries – driving labourers into debt bondage." (Greenpeace International. (2006). *Eating up the Amazon*. p.33)

**Land conflicts and illegal land acquisition**

"A small-scale field study by the Brazilian organisation Centro de Trabalho Indigenista (CTI) in 2004 was carried out in the Krahô indigenous territory on the border with Maranhão and Tocantins. This study revealed that abuses such as illegal deforestation, land grabbing, pesticide intoxication, described in other states also occur in this region. Cargill and Bunge have silos in this area and finance the soy production. At least one of the soy producers involved in these abuses is directly financed by Cargill. Cargill soy sourced from this region is exported to the Netherlands via Itaquí." (Dros, J.M. & Gelder J.W. van (2005)." *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*: p. 21)

"Membeca Farm on the river Talunakãnali in Mato Grosso, owned by Sedeni Lucas Locks, is just one of the farms that have been illegally invading the traditional lands of the indigenous Manoki people. Since 2003, the 8,000 hectare Membeca Farm has increased its soya plantations by at least 20%, and the farm has been illegally clearing more rainforest inside Manoki land to make way for further soy production. Greenpeace has documentary evidence showing that both Bunge and Cargill have bought soy from the Membeca Farm." (Greenpeace International. (2006). *Eating up the Amazon*. p.30)

**Tax Exemptions**

"To facilitate the establishment of the Bunge soy crusher, the federal government of Piauí has exempted the company from a number of local taxes: ICMS, IPTU and ISS. As a result, the state and municipal authorities hardly receive any tax income from Bunge's economic activities. Moreover, in Piauí no sales tax is levied on pesticides, which come under the zero rate for medicines. The exemption from ICMS is currently under investigation by the Counsel of the Prosecution in Piauí. Deprived of this tax income, the local authorities cannot invest in basic facilities like sanitation and education. According to the city manager, in 2003 and 2004 not a single metre of sewerage had been installed and no classrooms built, while the slum population had grown rapidly." (Dros, J.M. & Gelder J.W. van (2005)." *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*: p. 11)

**Impunity and repression of civil society**

"In 1999 Cargill started preparations to build a large soy terminal in Santarem on the Amazon river in the middle of the rainforest. Ignoring the fact that the Ministry of Public Prosecution initiated a civil action to stop Santarém's Port Authority renting the site for the terminal to Cargill prior to completion and approval of an environmental impact assessment (EIA).Instead of complying, the Port Authority and Cargill chose to contest this requirement in the courts.

Next, in November 2003, the Court of Final Instance ruled unanimously against Cargill and the Port Authority. In the interim, however, Cargill has already constructed its facility, in the process destroying a beach used by local fishermen and 25 small family businesses. In December 2003, Federal Prosecutors launched a legal action calling for the demolition of the facility. They also asked for the immediate suspension of Cargill's activities in Santarém until a legal decision could be reached. In January 2004, a judge ordered a suspension of activities, on penalty of R$100,000/day (US$35,000), but this decision was quickly overturned by another court. In May 2004, the Santarém Federal Judge ruled that Cargill must carry out an EIA. Cargill and the state government appealed and Cargill continued to defy the requirement: 'No, we will be doing no EIA!' Finally, in February 2006, Brazil's second highest court ruled against Cargill, stipulating that the company must comply with Brazilian law and complete an EIA not only

for the port terminal but for impacts on the surrounding region." (Greenpeace International. (2006). *Eating up the Amazon*. p.37)

"Bunge has been convicted by the federal state for using cleared wood in the crusher without having looked into more environmentally friendly alternatives. After the federal conviction, however, Bunge managed to come to an agreement with the attorney general and obtained permission for the use of native fuel wood for another six years. The agreement alledgedly involved not only the judge, the attorney general and Bunge, but also the governor of Piauí. Bunge's threatened to close the crusher down and withdraw from Piauí which may have played a part in coming to this agreement." (Dros, J.M. & Gelder J.W. van (2005)." *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*: p. 9)

"Before a crushing plant can be granted a licence an environmental impact assessment (EIA) has to be carried out and an environmental statement (RIMA) published. The EIA/RIMA on the Bunge plant in Piauí had many faults: insufficient attention had been paid to the direct and indirect impacts of the plant on the Cerrado vegetation, a RIMA (a public document with important findings and recommendations of the EIA) was not published and no public hearing had taken place as required by the National Commission for the Environment, CONAMA. Licences granted by the federal state of Piauí for logging and other activities are also currently under investigation. One of these concerns a deforestation licence for the agricultural development of 39,000 hectares in the Cerrado." (Dros, J.M. & Gelder J.W. van (2005)." *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*: p. 11)

"In August 2003 Bunge built a soy crushing plant in Uruçuí, in southern Piauí state. The has the capacity to process 2,000 tons of soya per day. The factory was built using technology from Siemens, a German company, and financed with loans from European and American private banks. In a clear demonstration of its commitment to large industries, Piauí authorities swiftly awarded all the obligatory previous licenses for the construction of the factory, without first carrying out the required public hearings with civil society and interested parties. The NGO Waters of Piauí Foundation (*Fundação Águas do Piauí*, or FUNAGUAS) is an organization dedicated to environmental preservation. As such, it publicly accused Bunge of violating human rights. FUNAGUAS even filed a lawsuit against Bunge, the state government, the Brazilian Environmental Institute (*Instituto Brasileiro do Meio Ambiente*, or IBAMA), and Graúna, the company responsible for the environmental impact study. For this reason, the government of Piauí and Bunge began to implement a strategy of persecuting and criminalizing environmentalists who were against the construction of the plant. The president of FUNAGUAS, Judson Barros, was sued by Bunge for perjury and defamation. The company initially gave up the lawsuit and came to an agreement with Funaguas following strong pressure from civil society. Later Bunge the company filed another lawsuit against Baros arguing moral damages and requesting compensation of R$500,000 (approximately US$240,000). (Justiça Global (2005). *On the front line: human rights defenders in brazil — 2002-2005*, p. 104)

In Piaui individuals, social organisations and media critical of the soy industry are regularly intimidated and prosecuted for slander. In 2004, a murder attempt on a journalist who investigated links between the soy industry and politicians has only just been thwarted. (Dros, J.M. & Gelder J.W. van (2005)." *From rainforest to chicken breast, Effects of soybean cultivation for animal feed on people and nature in the Amazon region*: p. 13)

5. **Complicity of European companies in the soy chain**

Most of the soy meal entering the European market (by direct import or by crushing the imported soybeans) are processed into different kinds of feed by feed producers. This feed goes to farmers: poultry farmers (layers and broilers), pig farmers and – increasingly – to dairy farmers. These farmers sell their produce to slaughterhouses (chicken and pork), egg-packing factories and dairy plants, which in turn deliver consumer products to supermarkets: packaged eggs, pre-packed meat, milk and dairy products. They also deliver semi-manufactured products to the companies in the food industry, which process these

semi-manufactured products into sausages, meat products, ready-to-eat meals, soups, sauces, pastry, etc.

From March to the end of October 2005 the Brazilian organisations Frente em Defesa de Amazônia and Funáguas observed which ships sailed with cargos of soybeans and soy meal from two important export ports in the north of Brazil:

- the port of Itaquí (Maranhão) used by Bunge for exporting soy meal from Piauí and by Cargill for exporting soybeans from the Paragominas region (Pará);
- the port of Santarem (Pará) used by Cargill for exporting soybeans from the Santarem region (Pará) and from Mato Grosso and Rondônia.

The two NGOs observed nine ships leaving Itaquí with soybeans and soy meal and ten ships departing from Santarem. In one case a ship visited both ports. On closer examination, the following destinations and facts about these ships were ascertained:

| **Soy ships from Santarem and Itaquí, March–October 2005** | | | | |
|---|---|---|---|---|
| **Port of departure** | **Number of ships** | **Port of destination** | **Importer** | **Cargo** |
| Santarem | 6* | Amsterdam, Netherlands | Cargill | Soybeans |
| | 2 | Liverpool, Great Britain | | Soybeans |
| | 1 | Gent, Belgium | | |
| | 1 | Barcelona, Spain | | |
| Itaquí | 2 | Escombreras, Spain | | |
| | 2* | Amsterdam, Netherlands | Cargill | |
| | 1 | Las Palmas, Spain | | |
| | 1 | Liverpool, Great Britain | | |
| | 1 | Gent, Belgium | | |
| | 1 | Rijeka, Croatia | | |
| | 1 | Brest, France | | |

* One ship, the Nordmoritz, picked up soybeans in both Santarem and Itaquí

This table clearly shows that six shipments of soy from Santarem and two from Itaquí were imported into the Netherlands by Cargill via the port of Amsterdam. One ship, the Nordmoritz, picked up soybeans in both Santarem and Itaquí. The total volume of these seven loads was about 350,000 tonnes of soy beans, or about 7% of annual Dutch soybean imports (4.4 million tonnes in 2004). Cargill crushes these soybeans to produce soy hulls, soy meal and soy oil. Most of the crude soy meal is supplied to the animal feed industry Dutch Soy Coalition have revealed that the following large Dutch animal feed companies are important buyers of crude soy materials from Cargill:

- Coöperatie ABCTA u.a.
- De Heus Brokking Koudijs B.V.
- Hendrix UTD B.V. (Nutreco)
- Provimi

The first three companies belong to the six largest Dutch animal feed producers, which account for 60% of the market. Provimi is the most important producer of pre-mixes in the Netherlands. These animal feed producers supply feed processed with crude soy materials to farmers, particularly broiler and pig farmers. In turn, these farmers supply broilers and pigs to abattoirs. Often there is close collaboration (an *integration*) between the animal feed producers, the farmers and the abattoirs. On the basis of information found about these integrations, a number of pig and broiler abattoirs can be identified where pigs and broilers fed with Brazilian soy have probably been slaughtered:

- Vion (pigs)
- Esbro (chickens)

- Plukon Poultry (chickens)
- Storteboom (chickens)
- Van den Bor (chickens)

Vion is the most important pig slaughterer in the Netherlands, with a market share of more than 80%. The four chicken abattoirs together have a market share in the Netherlands of 50%. Information has been obtained which confirms that a number of these abattoirs deliver prepackaged chicken and pork to large Dutch supermarket concerns, particularly to:

- Albert Heijn (Ahold)
- Laurus (Casino)