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## **Cargill's View on the Greenpeace Report: "Eating Up the Amazon"**

In its April 2006 report "Eating Up the Amazon," Greenpeace is sharply critical of Brazilian soy producers and companies like Cargill that buy, store, process, transport, and export soy from Brazil. Greenpeace contends that commercial agriculture, especially soy production, is contributing directly and indirectly to the destruction of the Amazon rainforest and to a host of other ills such as illegal land grabbing, the destruction of protected areas and indigenous reserves and the use of slave or abusive labor practices in remote, rural areas of the Amazon.

We agree with Greenpeace on several fundamental points.

- 1) The Amazon, which is one of the last significant rainforest reserves in the world, is internationally significant because of the biodiversity it supports as well as the role it plays in contributing to the stability of our global climate. The integrity of this complex ecosystem needs to be preserved.
- 2) The rights of small landholders should be protected, and government-designated indigenous reserves and protected areas should be protected from illegal encroachment. Farmers should comply with Brazilian environmental law, which is among the most rigorous in the world.
- 3) Some of the poorest and most vulnerable people in Brazil are being victimized by abusive or degrading labor practices, especially in remote areas of the Amazon. These illegal practices must be eradicated.

While we agree with Greenpeace on these goals, we find ourselves in fundamental disagreement on the best way forward in several key areas. The following outlines our point of view and a description of what we are doing in each of these areas.

### **Economic Development**

*Greenpeace wants to prohibit commercial agriculture in the Amazon biome, which is the area of the Legal Amazon that is primarily forest. Toward that end, Greenpeace has demanded that Cargill close its export facility at the Port of Santarem in the state of Para and about a dozen grain storage facilities in the transition zone between the grasslands of the Cerrado and the Amazon biome in the state of Mato Grosso.*

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We do not believe it is necessary to take such extreme measures to preserve the integrity of the Amazon ecosystem. Soy occupies less than 0.6 percent of the land in the Amazon biome today, and most of that soy is grown on the fringes of the Amazon biome in the transitional area between the Cerrado and the forest.

It's important to remember that the Amazon also is home to more than 23 million people, (23.6 million according to IBGE/2004), including many indigenous populations. It is one of the poorest regions in Brazil and the world, and there is a recognized need for responsible economic and social development. Economic development is the long-term solution to protecting both the Amazon's peoples and the environment: poverty does not do that. In recognizing the need for an appropriate balance, the Brazilian government has wisely chosen to not prohibit soy production in the forested areas of the Amazon. Instead, Brazil's Forest Code seeks to combine strong environmental protection with limited, but economically important, agricultural production.

### **Soy Production in Brazil and in the Santarem Region**

Brazilian law sets aside large tracts of the Amazon as protected areas or as reserves for indigenous peoples. As such, these areas cannot be developed. Despite Greenpeace's assertions that there should be no agricultural production within certain lines on a map, not all lands within those lines are equally valuable from an environmental standpoint. Agricultural production is appropriate in some areas. In forested areas, producers must set aside 80 percent of their landholdings to be allowed to cultivate the remaining 20 percent. The Brazilian Forest Code also requires landholders to maintain properly vegetated riparian corridors as areas of permanent protection.

In some areas, such as the Santarem region in the state of Para, the land has been farmed or developed over numerous boom and bust cycles for more than 100 years. According to Brazilian government sources, about 300,000 hectares of land in this region were deforested in the late 1800s and early 1900s for rubber plantations and for the production of rice, corn and other crops. Once synthetic rubber was invented, these plantations were abandoned. Some of these open areas reverted to scrub, and others were developed by farmers to grow corn, rice and eventually soy. Today, soy occupies about 25,000 hectares -- only 8 percent -- of the open areas in the Santarem region. One of the historic challenges in this region has been compliance with Brazil's strict Forest Code. In the Santarem region, Cargill is working with The Nature Conservancy, an internationally recognized environmental organization, the Farmers Union of Santarem and the farmers who sell soy to our Santarem export facility to identify and implement best management practices for environmental stewardship.

The Nature Conservancy is providing technical and other assistance to producers to help them restore riparian areas, where applicable, and to comply with the 80 percent set-aside

requirements of the Forest Code. The Nature Conservancy and the farmers also are working with the Ministerio Publico Federal (Department of Justice), IBAMA (the federal environmental agency), INCRA (the federal institute for land ownerships) and SECTAM (the Para State Secretariat for the Environment) in this effort. We are confident that the government and producers working together on this practical approach will achieve tangible results, restoring and preserving important segments of the Amazon. Compliance must be achieved for our commitment, and the commitment of others who bring economic development and improvement to people's lives, to continue.

In a groundbreaking move, we have informed our suppliers and local officials that, beginning with the next crop, Cargill will only purchase soy from those producers who are in compliance with the Forest Code or actively working toward full compliance. Compliance with the Brazilian Forest Code is an important tool to reconcile agricultural production with the conservation of the Amazon forest.

By actively engaging with farmers and environmental organizations in the region, we can help ensure that soy is produced in ways that are more sustainable than if we were not there.

We are also supporting efforts for defining sustainable production for areas of the Amazon beyond the Santarem region. We fully support the Round Table on Responsible Soy as the multi-stakeholder forum that will produce appropriate criteria for responsible soy production. Many non-governmental organizations (NGOs), including WWF, support this approach. We would welcome it if Greenpeace would reverse its decision and join the Roundtable, which is an important multi-stakeholder collaboration among government, industry, producers, academics and other NGOs.

### **Cargill's Participation in the Santarem Region**

The Santarem region has long experienced high rates of poverty, high unemployment and a lack of sustainable economic and social development. We help local farmers by providing them with seeds and other essential crop inputs and by opening up new markets for their produce. This allows them to grow soy as well as rice on the pasturelands around the town of Santarem - lands that were deforested decades ago.

Our investment is generating new economic activity in Santarem and nearby Belterra. As part of our investment in the future of the local community, we are renovating a public library in Santarem - to be fully equipped with books and computers by June 2006. It will be the first computer system in this library. Cargill has been training library employees on how to operate the software, use best practices and help visitors learn how to use the computers for research.

Our approach in Santarem is consistent with our commitment to responsible economic development around the world. Our investment creates economic opportunity to help promote the wellbeing of communities and responsible environmental management.

The local leaders in Santarem have recognized the importance of our contributions and have publicly said so. The statement attached in the original Portuguese and in English, signed by many of them, was published in the local press in April.

### **Genetically Modified (GM) vs. Conventional Soy**

#### **Greenpeace continues to oppose the use of genetically modified soy.**

Ironically, one of the unintended consequences of Greenpeace's longstanding campaign against genetically modified soy has been to encourage soy production in Brazil north into the Amazon. As genetically modified soy is now widely grown in the traditional soy production areas in southern Brazil, the need to ensure very strict standards of purity of conventional soy has provided an incentive to expand soy production into the very areas where Greenpeace wants to prohibit agricultural production. It is foreseeable, however, that Brazil will not continue to be a source of non-GM soy in the future. Unless customers and consumers are willing to pay the premiums required to cover the farmers' losses with conventional soybeans due to lower yields, additional work, extra fuel and extra tillage (with its resulting loss of topsoil), and the expenses of an identity preservation system, producers will continue to choose GM soy. Quite simply, they can achieve better yields at lower costs and produce a product that will yield better returns.

Our Santarem facility, which Greenpeace is demanding we close, is one of the only export facilities in Brazil to handle exclusively non-GM soy. Nearly all of the soy shipped through Santarem is grown outside of the Amazon biome in Mato Grosso. In addition, because soy is transported to Santarem from Mato Grosso by waterways from the west and south, less fuel is used, less pollution is generated as well as less traffic congestion around large metro areas than if the soy were trucked to ports farther south, such as Santos.

### **Slave Labor**

*Greenpeace claims we are buying from farmers who use slave labor to cut down forests.*

We do not condone the use of slave labor of any kind. Our raw material purchase contracts stipulate that Cargill has the right to refuse deliveries of soy or refuse payment if the company learns that slave or child labor was used in the production of the soy we

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purchased. Through ABIOVE, the leading Brazilian soy processing industry trade association, Cargill is a signatory to the Brazilian National Pact for the Eradication of Slave Labor. This initiative, led by the Ethos Institute, represents a public commitment by leading Brazilian corporations to join the Brazilian government in its concerted campaign to eradicate abusive labor practices.

We have asked Greenpeace to provide any documentation it claims to have so that we can take appropriate action, if warranted. We do not believe it is right to take action against producers, or anyone else, on the basis of unsubstantiated allegations. To date, we have not received any of the documentation that Greenpeace claims to have.

### **Port terminal at Santarem**

*Greenpeace claims that Cargill did not follow proper permitting procedures.*

This is not true. Cargill followed all the permitting requirements of the applicable governmental agencies for the construction and operation of the Santarem facility. As part of the permit process, we commissioned third party experts to conduct a full environmental impact assessment. As part of this assessment, it also was confirmed that the facility was not located on a site of indigenous archaeological interest. There is an ongoing court case concerning whether we should have done a particular type of environmental impact assessment before construction, even though it was not required by the government. We will, of course, abide by the decision of the courts, when it is final.