



REINTEGRATING CATTLE PRODUCERS INTO THE BEEF CHAIN IN THE AMAZON: OPPORTUNITIES AND CHALLENGES

Louise Nakagawa¹, Lisandro de Souza Inakake²

¹ PhD in Energy, Researcher of Agricultural Chain Projects at Imaflora

² Agronomist Engineer, Senior Project Coordinator in the Area of Responsible Agricultural Chains at Imaflora

Key messages

- ✓ Against a backdrop of stricter compliance with the Forest Code and in addition to international regulations for agricultural commodities, it is paramount to create mechanisms capable of enabling the reintegration of producers into the supply chain so that they can adjust and regularise their environmental liabilities.
- ✓ PREM and SIRFLOR are important voluntary and private instruments created from a cooperation of different sectors that can help cattle ranchers reintegrate into the supply chain by bringing their properties up to code faster and with less bureaucracy.
- ✓ Voluntary and private instruments require an administrative-operational arrangement with the public sector to establish a clear hierarchy of processes that can drive the environmental regularisation of rural properties to follow the Forest Code.
- ✓ The reintegration of producers into the chain is fundamental for the creation of the right conditions to underpin the processes and procedures to monitor indirect cattle suppliers.

Several studies point out that cattle ranching is one of the main causes of deforestation in the Amazon (Rajão et al., 2020; Pendrill et al., 2022). Civil society organisations, however, have been shining a light on the problem since 2009 and, in a joint effort with the Federal Public Prosecutor's Office, implemented the Public Livestock Commitment and the Beef TAC in the states of the Amazon region. After the implementation of the Protocol for Monitoring Cattle Suppliers in the Amazon (PMCSA) launched in 2020, and the Protocol for Auditing Cattle Farming Commitments in the Amazon the following year, the signatory meatpackers began to systematically block purchases from direct suppliers that did not comply with the protocol's criteria.

One such criteria is illegal deforestation, one of the biggest reasons for blocking cattle-ranching properties since the implementation of the commitments and harmonised with basis on the unified protocol. On the other hand, it is important to point out that the goal of the PMCSA is not to exclude producers from the supply chain but rather to raise the quality of supplier monitoring and add transparency to the process. After the implementation of laws from the European Union and United Kingdom regarding the import of deforestation-free products, the concern around compliance with the Forest Code became even more urgent. As such, it is necessary to create mechanisms that can help reintegrate these producers into the chain by giving them the opportunity to adjust and regularise their environmental liabilities.



MARKET MECHANISMS FOR ENVIRONMENTAL REGULARISATION: POSSIBLE PATHS TO REINTEGRATION

The Reintegration and Monitoring Program (PREM) is a mechanism developed by the Beef Institute of Mato Grosso State (Instituto Matogrossense da Carne - IMAC) along with the Public Prosecutor's Office for the state, which relies on the partnership of the Mato Grosso Cattle Breeders Association (Associação dos Criadores de Mato Grosso - ACRIMAT) and the Meatpacker Industry Syndicate of Mato Grosso (Sindicato das Indústrias de Frigoríficos de Mato Grosso - SINDIFRIGO) in cooperation with the State Department of Economic Development of Mato Grosso, the State Environmental Department (Secretaria de Estado do Meio Ambiente - SEMA) and the Produce, Conserve and Include Institute (Instituto Produzir, Conservar e Incluir - PCI). It aims to encourage the reintegration of cattle farmers into the market and help them ensure their rural properties are up to the environmental code.

It is a virtual geo-monitoring platform developed by Agrottools, which aims to monitor the natural regeneration of deforested areas in rural properties that are commercially blocked and to issue and maintain a temporary authorisation to trade, which needs to be presented to the meatpackers that have signed the Term of Adjustment of Conduct (TAC) at the time the cattle is sold. The mechanism, which is currently in operation, is simple and cattle ranchers need only a smart phone to meet most of the PREM requirements in the environmental suitability process.

In order to be reintegrated via PREM, the cattle breeder must agree to fencing off the area that was deforested without the authorization of the relevant entities and halting any activities in the area that was irregularly converted after July 22, 2008. In addition, the property must be located in the state of Mato Grosso and must also have a Rural Environmental Registry (CAR). The program is considered a requirement to unblock, on behalf of the meatpackers, rural properties that have discrepancies under the criterion "Illegal Deforestation" in the Protocol for Monitoring Cattle Suppliers in the Amazon (PMCSA).

According to IMAC, there are currently 687 properties in the review phase and 41 have received the Temporary Trading Permit (Autorização de

Comercialização Temporária - ACT) and the expectation is that this number will grow in coming years. Figure 1 shows the step-by-step process to join PREM.



Figure 1. IMAC presentation on December 1, 2022 at the Quinta do Boi webinar.

The Forest Restoration System (Sistema de Restauração Florestal - SIRFLOR) was created by the Breeders' Association of Pará (Associação de Criadores do Pará - ACRIPARÁ), Niceplanet Geotecnologia, the Public Prosecutor's Office of the state and the State Environment and Sustainability Department. Its purpose is to offer cattle ranchers in the state of Pará a simplified administrative procedure for the partial regularisation of rural property that has not met the criterion of TAC illegal deforestation identified by PRODES, via adhesion to the Environmental Regularisation Program (PRA). Similarly to PREM, SIRFLOR aims to reintegrate cattle producers into the market, particularly the export market.

SIRFLOR is an online platform that tracks all forest recovery carried out by specialised technicians authorised by SEMAS through periodic monitoring via remote sensing, which consists of three processes. The first concerns the false-positive deforestation claim (PRODES). The second is related to the regularisation of illegal deforestation or the authorisation to suppress



vegetation/deforestation. And the third has to do with cases of recurrence. Despite efforts having been made by different stakeholders, SIRFLOR is not yet up and running.

In order to adhere to SIRFLOR, it is essential for the cattle breeder not to have any history of CAR fraud associated with a reduction in the boundaries of the rural property where the polygon that needs

restoring is located, i.e., the area where the illegal deforestation took place. It is worth pointing out that the procedure behind the mechanism is 100% auditable in all its stages, and the documentation required in its protocol ensures compliance with the guidelines and obligations defined by national and international environmental law, as well as the criteria determined by the TAC. Figure 2 shows the step-by-step process to join SIRFLOR.



Figure 2. Niceplanet presentation on December 1, 2022 at the Quinta do Boi webinar.

OPPORTUNITIES AND CHALLENGES

Given the importance and the need to encourage the reintegration of cattle farmers into the beef chain so that they comply with environmental laws, it is essential for mechanisms that can help reintegrate them into the system to be put in place. As such, it is important to underline the role that PREM and SIRFLOR have in integrating legal and control procedures into a single instrument through voluntary environmental regularisation. In addition, they create a bridge between the producer, who wants or needs to regularise a property, and the environmental watchdogs, by speeding up the process, which at the best of times is quite bureaucratic and time-consuming.

Another opportunity provided by these private mechanisms is the potential that PREM and SIRFLOR have to encourage and expand the monitoring of small cattle ranchers and indirect

cattle suppliers, which are currently under the radar of inspection organisations and monitoring systems; not to mention the contribution that these instruments may add in terms of informing the producer of best practices that go beyond simply complying with the Forest Code.

However, despite the good level of adhesion, the IMAC shows that one of the biggest challenges of the PREM is to engage more producers, particularly small ones, due to the costs of fencing in the area to be restored and the technical assistance required. SIRFLOR, which despite not yet operating, faces a similar issue since engaging the producers in the state is expected to be one of the main bottlenecks. In general, the larger ones have more financial means and a comparatively smaller area to restore, which makes it easier for them to join the program.



Another challenge facing PREM and SIRFLOR is that both mechanisms still do not include cattle ranchers that have other problems, such as environmental embargoes placed by IBAMA and state environmental agencies and the encroachment of public lands, because the agreement with the meatpackers operating in the state, as well as the term of cooperation entered into with the Public Prosecutor's Office, refers only to cases of illegal deforestation occurring within the properties and that overlap with PRODES data.



BEEF ON TRACK

Beef on Track: The transparency platform of the beef value chain.

The Beef on Track platform is a hub that offers access to systems, tools, data and technical information for a deforestation-free beef chain.

Behind the scenes, a team of experts works with national and international strategic partners to develop solutions. There are two main objectives - to support and expand the implementation of socio-environmental commitments. As such, producers, meatpackers of all sizes, tanneries, supermarket chains and also investors can find in this environment the materials that will help them implement their commitments.

As well as, of course, civil society, which now has a source of data and resources to track the performance of the agreements undertaken by the chain.

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Imaflora is a Brazilian non-governmental organization created in 1995 to promote the conservation and sustainable use of natural resources by generating social benefits in the forestry and agricultural sector.

