



The Amazon: Governing Explosive Agricultural Frontiers with Market Forces



*Beyond Carbon: Emerging Markets for
Environmental Services of Forests
October 29, 2003 Rüşkilon*



*1/4 of the world's
species*



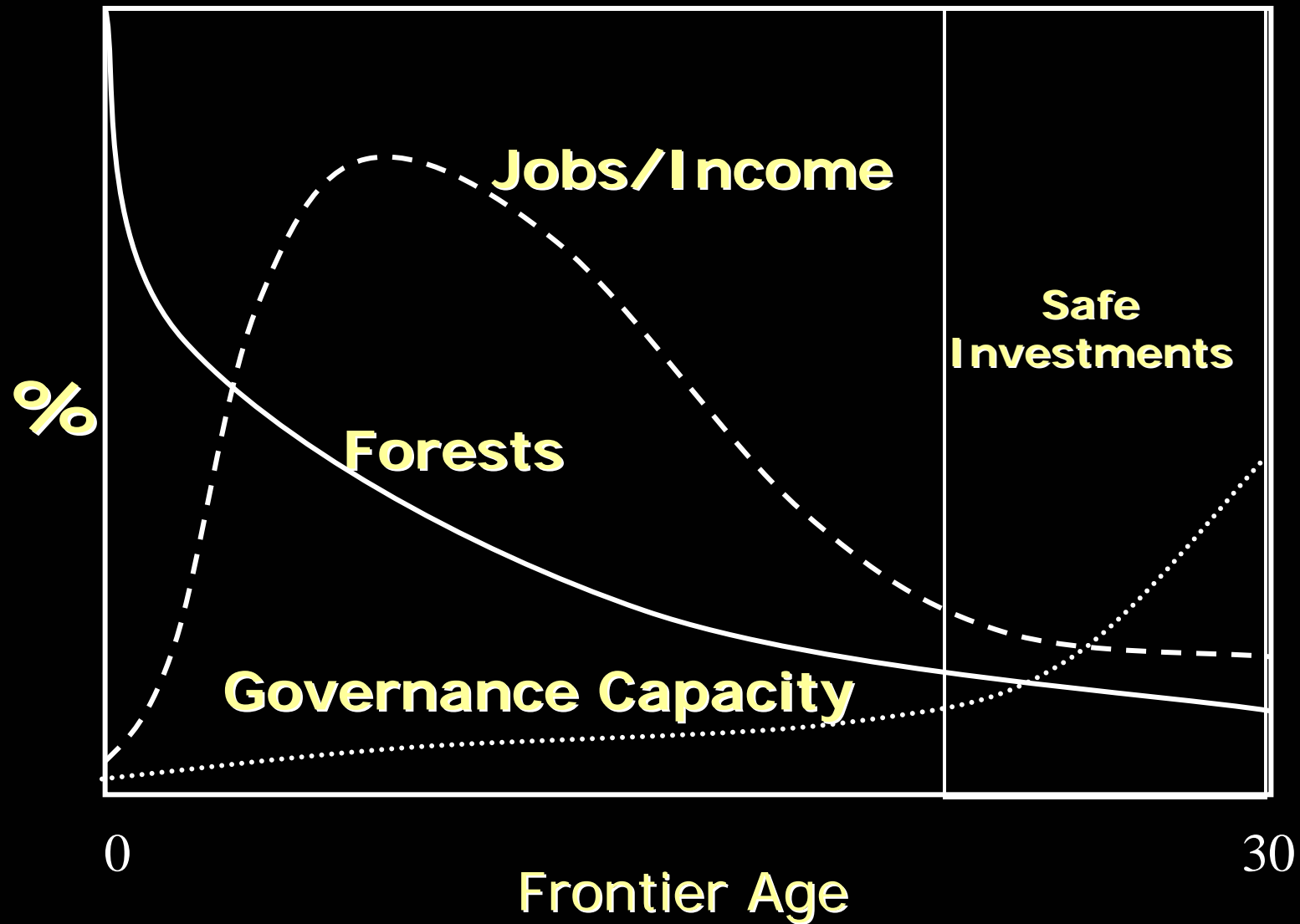
*70 billion tons
Of carbon*

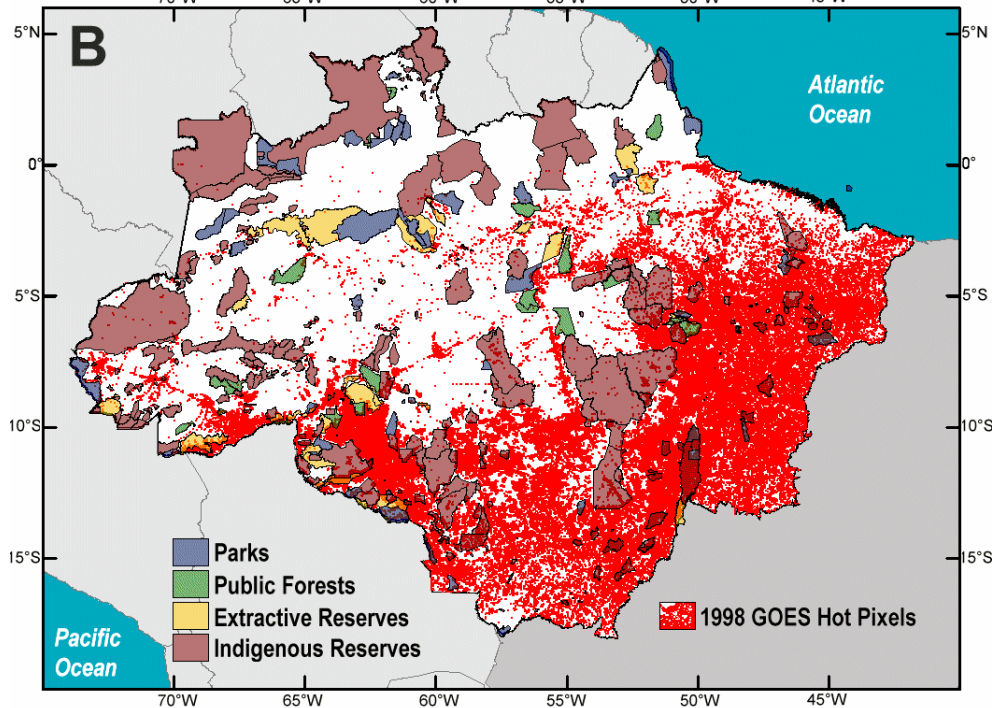
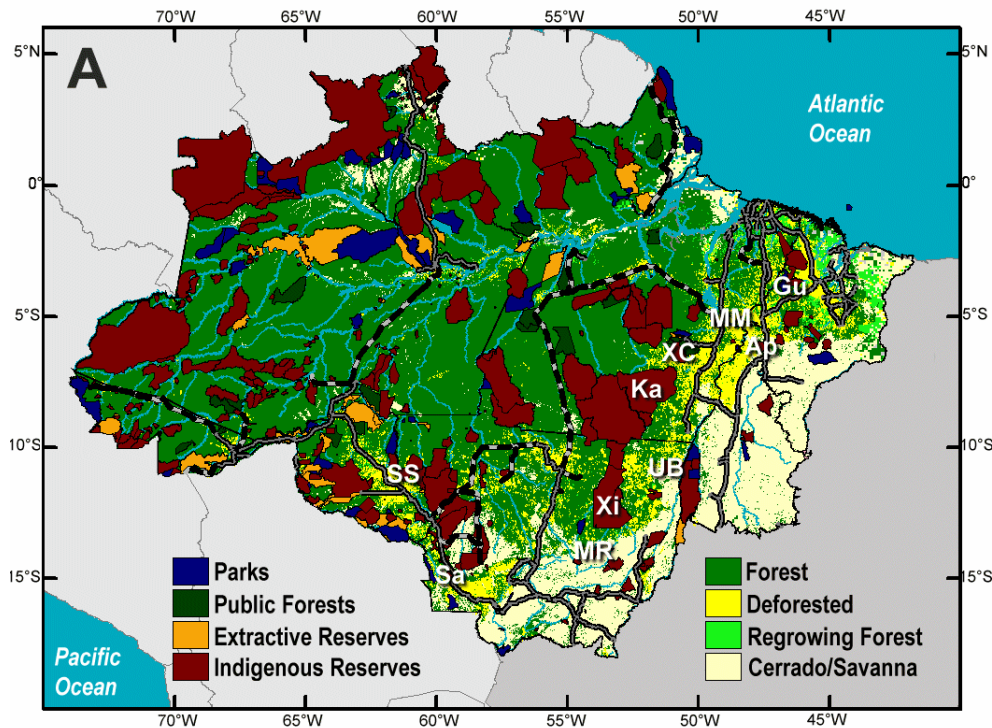
*6 million
Rural poor*

Explosive rainforest frontiers . . .

- The most rapid rates of forest destruction, but. . .
 - Rule by power, not by government
 - Property claims tenuous
- Result: Investor aversion

The typical sequence of frontier expansion





Protected areas in
the line of fire:

Indigenous reserves
& parks inhibit
deforestation and
fire.

But, alone, they are
not enough

Mega Threat #1:

- New highways in the rainforest:
frontiers exploding

Accessing world soy markets



A New Driving Force: Amazon Soy

- > 100 M ha expansion pot'l
- \$100M/yr savings via Amazon ports

Principal obstacles:

- Brazil's environmental legislation
- US & EU subsidies

THE NEW YORK TIMES INTERNATIONAL WEDNESDAY, SEPTEMBER 13, 2001

Relentless Foe of the Amazon Jungle: Soybeans

By LARRY ROYTER

CIUIABA, Brazil — It takes only a trip on the busy but rutted highway that leads north from here to understand how an area of the Amazon Jungle larger than New Jersey could have been razed over the course of just a year.

Where the jungle once afforded shelter to toucans, parrots and deer, the land is now increasingly being cleared for soybeans, Brazil's hottest cash crop.

Soy cultivation is booming, driven by a confluence of global demand from as far off as China and the local politics of state where the new governor was known as the Soybean King even before his election last October.

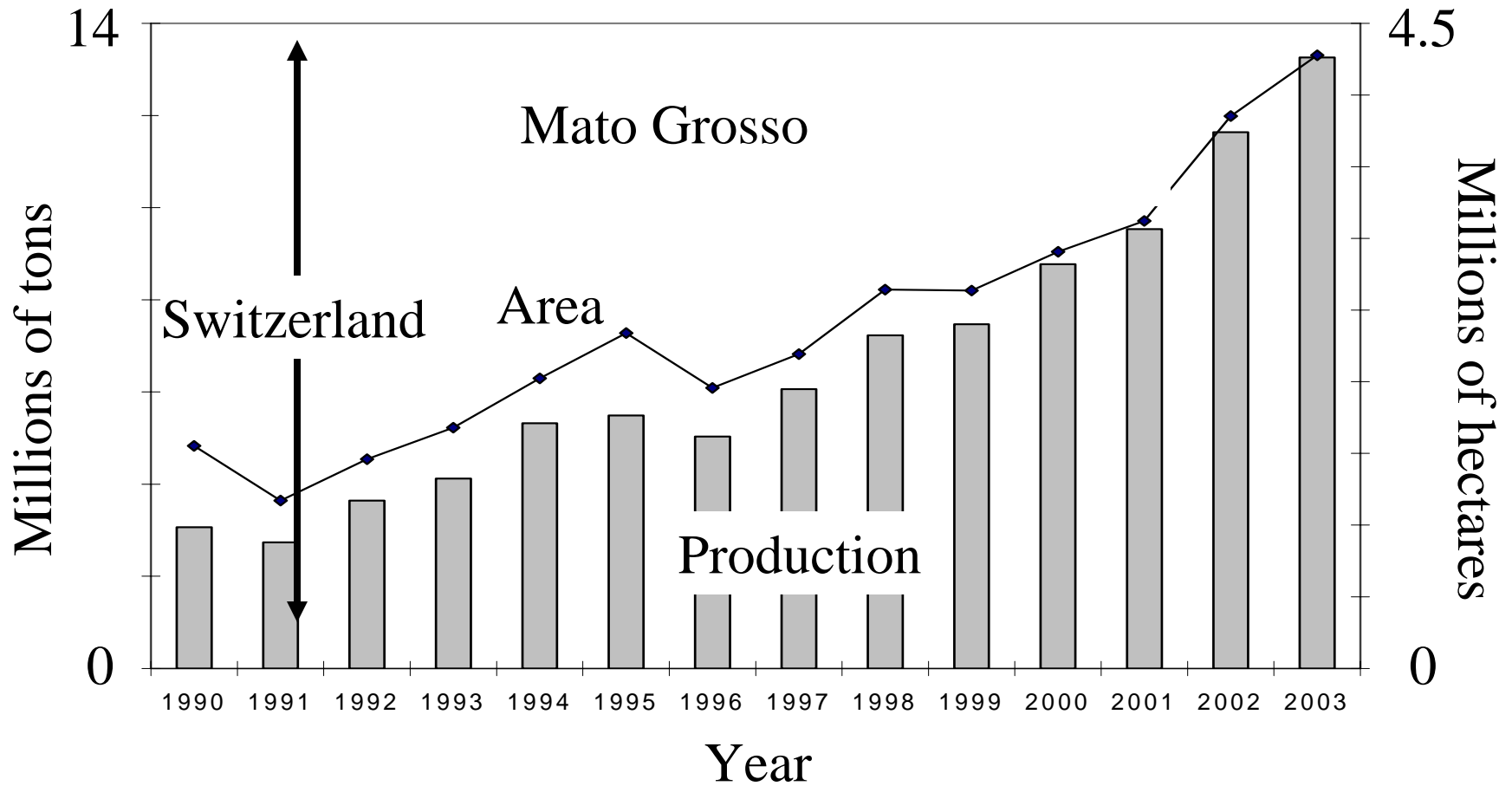
Today soybeans are eating up larger and larger chunks of the Amazon, leading to a 40 percent jump in deforestation last year, to nearly 14,000 square miles. Even the pastures where cows graze until recently are being converted, pushing a cattle herd that has become the world's largest even deeper into the agricultural frontier.

"The new factor in the equation of Amazon deforestation is clearly soybeans and the appeal they hold for agribusiness," Sergio Schwartzman, director of the Washington-based group Environmental De-



Blairo Maggi, the governor of the Brazilian state of Mato Grosso, where soybean production is flourishing. Even before he was elected governor in October 2001, Mr. Maggi was known as the Soybean King.

4.5 M Ha (1/3 forest)



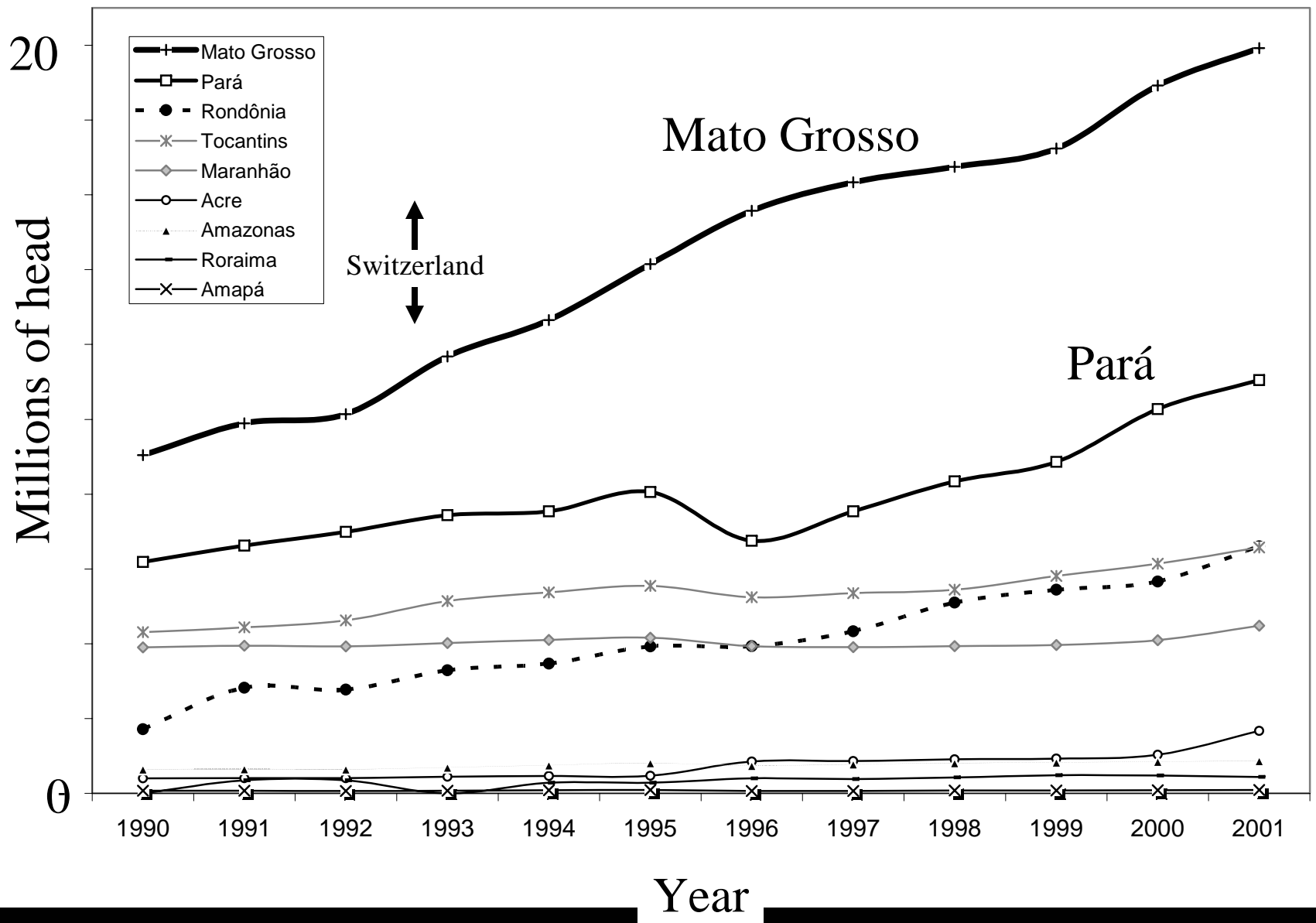


The biggest force,
cattle ranching:

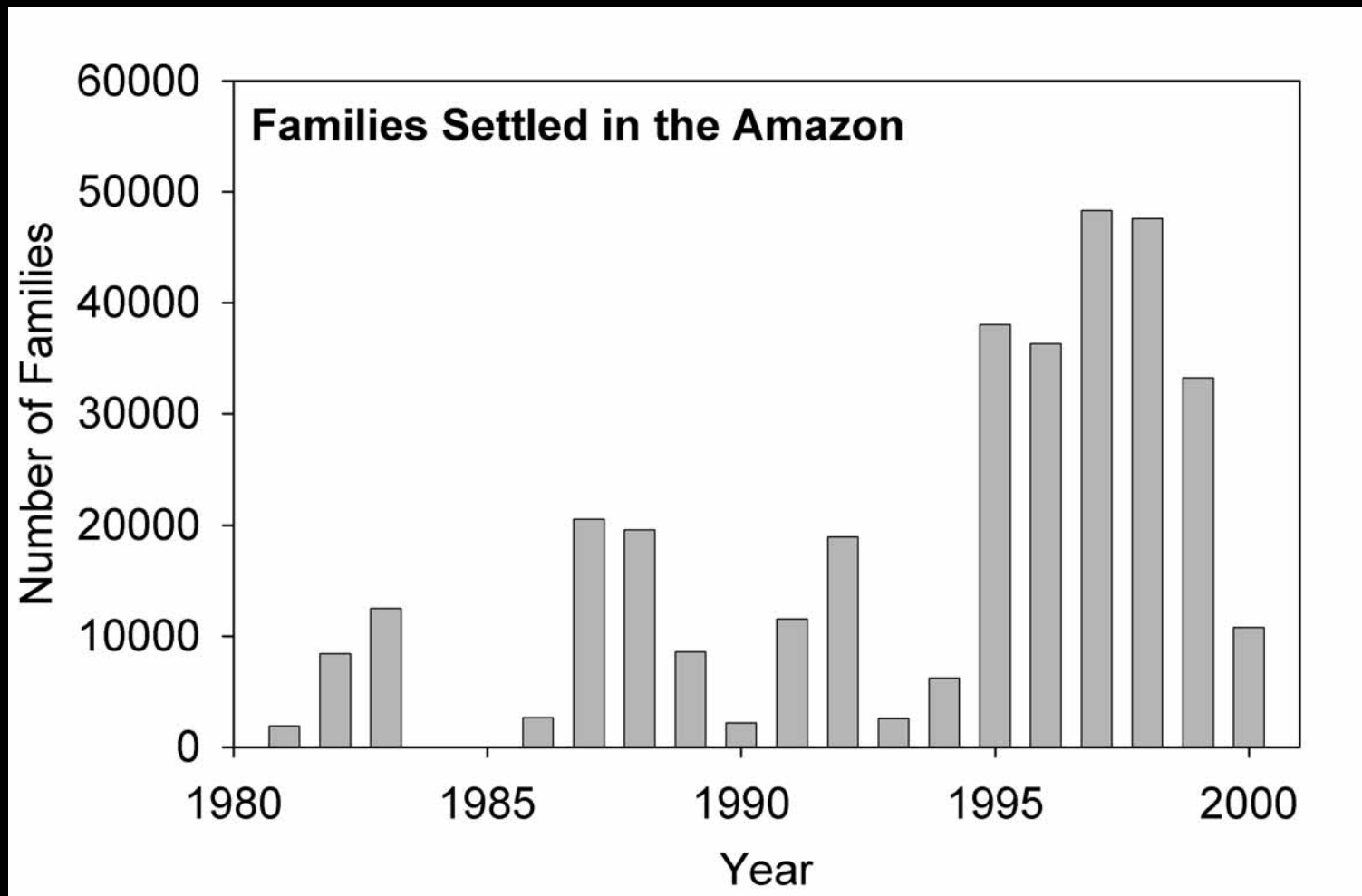
Investment
returns of 10-
20%

Low Risk

Principle Barrier:
Hoof & Mouth

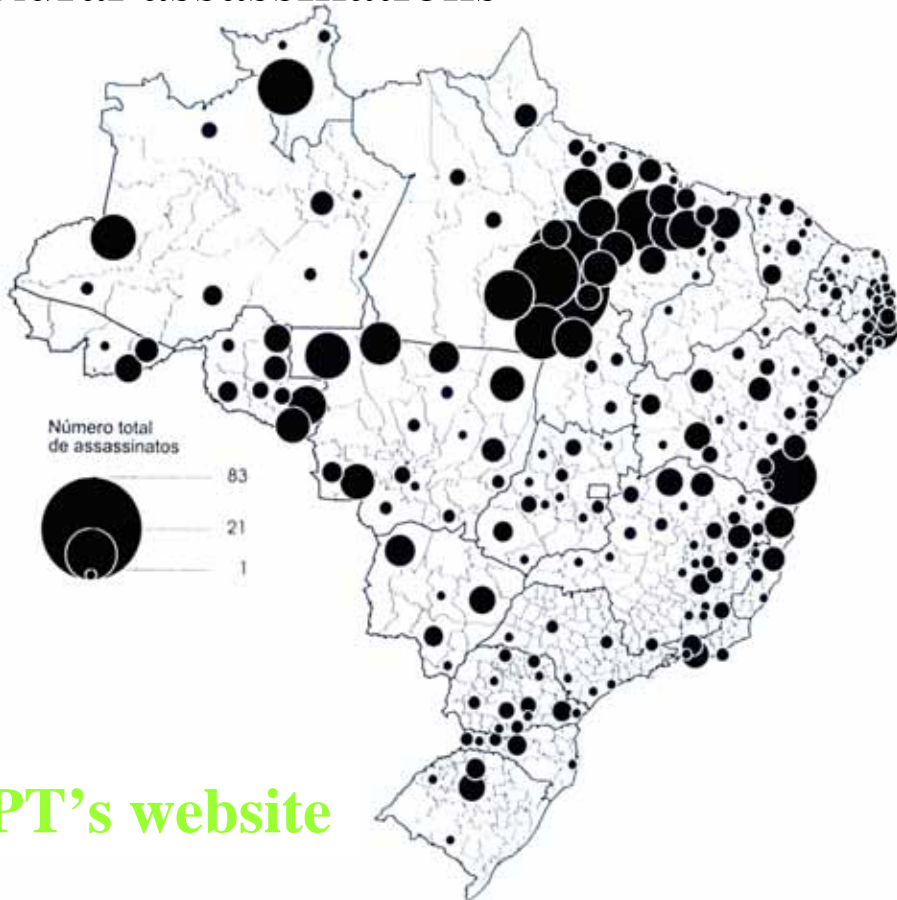


200,000 families settled 1996-2000



When corporate and social frontiers clash

Rural assassinations



CPT's website

Amazon Populist's Killing Exposes Bitter Conflicts

A Regional Movement Angers Powerful Ranching and Logging Interests in Brazil

By LARRY ROHTER

ALTAMIRA, Brazil, Oct. 3—A lot of people here wanted Ademir Federizzi dead, and some of them did not hesitate to say so. But up and down the length of the Trans-Amazon Highway, the question being asked is this: who actually killed Mr. Federizzi, the region's most outspoken labor, peasant and environmental leader?

Perhaps not since the murder of Chico Mendes, the rubber tapper's advocate, in 1988, has a single death caused such an uproar in the Amazon. One of seven leaders of regional labor, religious, or environmental groups to have been killed since July, Mr. Federizzi was the director of the Movement for the Development of the Trans-Amazon and the Xingu when he was shot here in August, in front of his wife and four children.

According to his associates, Mr. Federizzi, 42, had been in fear of his life ever since a wealthy logger here told him about 18 months ago that it was time for him to "buy some wood" for his own coffin. That threat came after Mr. Federizzi reported to the Federal Police that the logger was illegally chopping down trees on an Indian reservation.

"The official version of Mr. Federizzi's death is that he was killed during a home invasion, after catching a thief trying to steal his television at 1:28 a.m. But his widow, Maria da Poixa Fez Federizzi, 34, vehemently disputes that account.

"The killers didn't even touch the television," she said, "but went straight into our bedroom, and when I screamed that someone had come in, Demia awoke, struggled with the intruder and was shot by someone standing outside the window. No, everything leads me to believe this was a contract killing, and I want the real killer to be found."

Mr. Federizzi, known here as Demia, had in addition tangled with a gang of hijackers and car thieves operating on the Trans-Amazon highway and was leading the opposition to a dam project the Brazilian government wants to build here. More recently, he also denounced corruption in the Superintendency for the Development of the Amazon, or Sudam, a government agency set up to channel money to worthy construction projects but which has often favored wealthy ranching, logging and mining interests.

For many years, Sudam was controlled by Jader Barbalho, who was the governor of the state of Para and its senator. The agency was abolished earlier this year, after a wave of news reports indicating that he had built a personal fortune of more than \$10 million on fraudulent dealings with Sudam. Mr. Barbalho was forced to resign this month.

At first glance, Mr. Federizzi might have seemed an unlikely candidate to challenge the establishment. Born in the southern state of Paraná, he moved to the Amazon with his family in the early 1970's, drawn by the government's promise of "land without men for men without land," settling on a farm just off the new highway in Medicilândia, 80 miles west of here.

As an adult, he continued to cling to the land, growing cocoa and coffee on a 125-acre lot on which he had built his own house. But his eloquence and charisma gradually propelled him to the top of the regional peasant movement, and in July, a



The killing of Ademir Federizzi, a labor, peasant and environmental leader known as Demia, in August set off protests in Altamira, Brazil.



Conflicts over land around Altamira are common and often violent.

month before his death, his family moved here to be closer in the center of what he called "the struggle."

Speaking of her husband, Mrs. Federizzi said: "I have never known a person with more of a knack for understanding complicated things and explaining them in a simple fashion. He was a fighter for the forest and for the rights of the ordinary people in this region, and God knows there is plenty to fight about."

After a two-year respite, largely the result of a national economic crisis, the destruction of the Amazon

seems to be heading back toward the record levels of the mid-1990's. The current dry season, which will end in about a month, has been one of the most parched on record. This has made it easier for ranchers and loggers to burn or fell large areas of forest for their businesses.

This ramshackle town of 27,000 people is at the junction of the Xingu River and the Trans-Amazon Highway, an agricultural frontier region in which conflicts over land are common and often violent. "It's the Wild West around here," said Marcos Araujo, an official of the Human Rights Commission of the Brazilian Congress, which sent a delegation here this week.

The main headline in the weekly local paper, for instance, announced that in Itaituba, west of here on the Trans-Amazon Highway, "the mayor has threatened six aldermen with death." Out in the countryside, most settlers are armed with pistols or rifles, and not just to hunt game.

Even those disposed to settling such disputes by legal means find it hard to do so here. Altamira is the seat of the largest municipality in Brazil, but it is currently without judges, who tend to demand transfers just as soon as they receive their first death threat, and it has no permanent resident prosecutor to han-

dle a growing backlog of cases. After the killing, local authorities, who are allied with Mr. Barbalho and other powerful business interests, quickly arrested a petty thief who had been seen hanging around Mr. Federizzi's office the day before his death. That enabled a special investigator sent from the state capital, 400 miles away, to pronounce the case closed and return home.

"Imagine, in less than 48 hours, working without proper forensic equipment and on the basis of just a couple of interviews, they managed to solve this crime," Bruno Kemper, Mr. Federizzi's successor as coordinator of the Development group, said. "That has got to be some kind of a record for Brazil."

Efforts by Mr. Federizzi's associates to get the case reopened and to be allowed to present new evidence have thus far failed. But the case has caught the attention of human rights groups and opposition political parties, who are threatening to make it a cause célèbre.

"I have profound doubts that Demia's death occurred the way it is presented in the official documents," Nelson Pellegrino, chairman of the Human Rights Commission of the lower house of the Brazilian Congress, said in a hearing here. He said he would urge the Justice Ministry "to bring in the Federal Police to assure that we can have a satisfactory investigation of this case."

As the uncertainty over his death lingers, Mr. Federizzi is quickly becoming a martyr to the environmental cause. A poster circulating in the region shows him, microphone in hand, asking, "Why must capitalist power sink its claws here into this wonder of nature?" and bumper stickers with the phrase "Demia, your life continues in our struggle" are also being distributed.

And a death list with 23 names on it, all of them opponents of local business interests, is also circulating. José Geraldo Torres, a member of the Workers Party who represents the area in the Para State Legislature, said he had received several death threats recently, including one relayed from a prominent logger with whom he had been at odds.

"He was traveling on a plane with a friend of mine," Mr. Torres recalled, "and in front of all the passengers, he said, 'You tell José Geraldo that if my land title gets canceled, I will cancel him.'"

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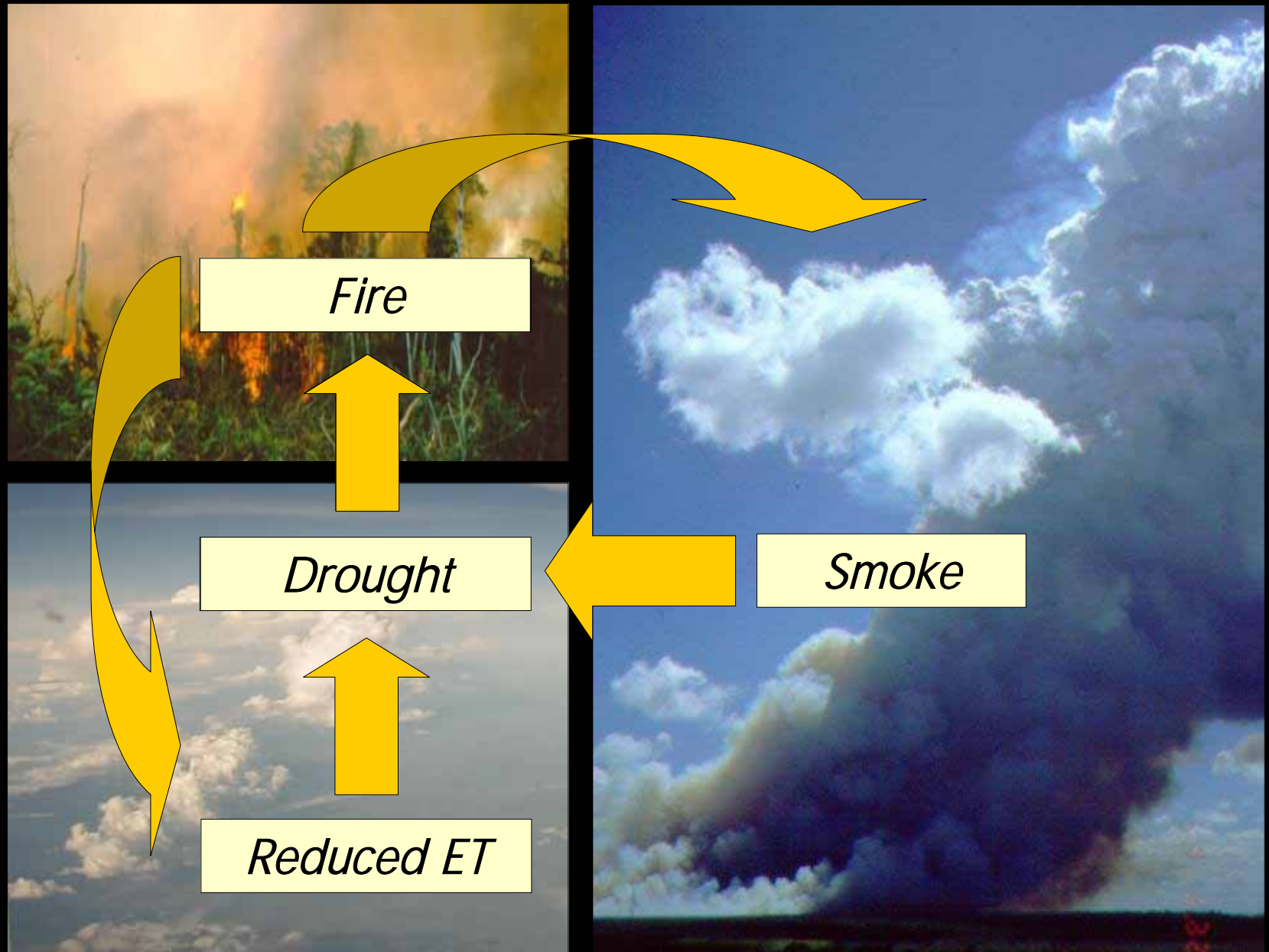
Mega Threat #2:

- Runaway feedbacks between fire, rainfall, and cattle pasture

The Positive Economic Feedback



The Positive Climatic Feedback



Mega Opportunity #1:

- Political mobilization of grass-roots organizations
- Expanding environmental agenda of producer organizations

An emerging environmental agenda among social movements



Movimento pelo Desenvolvimento da Transamazonica e Xingu / Fundacao Viver, Produzir, Preservar

- Terra do Meio
- Farms without fire
- Proambiente environmental credit program
- Regional planning

Mega Opportunity #2:

- Market instruments to increase compliance of ranchers & soy producers

Eco Beef

Frontier Governance

