

CASE STUDY 2 — CBA AND BUNGE

WHY IS LAND CONFLICT AN ISSUE IN BRAZIL?

Land conflicts have long been a problem in Brazil, caused by the lack of state presence in many areas of this vast country; uncertainty over land ownership; the power of agribusinesses; and poor management of clashes between indigenous communities and farmers. Landless people and smallholders with no documented proof that they own their land are the main victims. Indigenous people and *Quilombolas* (descendants of slaves who escaped and established communities in the countryside centuries ago) represent more than a quarter of all people in Brazil affected by land conflicts.¹⁶⁹

For decades, indigenous peoples have been fighting to reclaim their ancestral lands, while agribusiness expansion has seen much of the land converted to soy, cattle, corn, and sugar cane farms. The number of land conflicts has increased over recent years. In 2012, 36 people were killed as a result of land conflicts — a 24% increase over the previous year.¹⁷⁰ Nevertheless, Brazil is attempting to make progress; indigenous territories are going through the formal recognition and demarcation process required to give indigenous communities legal rights over their land. Many other communities are also waiting to have their territories recognised. However, these processes are being impeded as a result of political pressure from agribusinesses.

SUGAR PRODUCTION IN BRAZIL AND MATO GROSSO DO SUL

Sugar production doubled in Brazil between 2000 and 2010, driven by rising international sugar prices and domestic demand for ethanol, which is widely used in motor vehicles. In order to deliver these huge leaps in production, the area of land planted with sugar cane has expanded rapidly. Between 2000 and 2010, sugar cane land occupation in the six main states — Mato Grosso do Sul, Goiás, Minas Gerais, São Paulo, Paraná and Mato Grosso — expanded by 4.2 million hectares to around 7.6 million hectares.¹⁷¹

The state of Mato Grosso do Sul is ground zero in the land and sugar related conflict. The state has seen a huge expansion in sugar farming in recent years — the area of land planted with sugar cane tripled in just seven years from 160 thousand hectares in 2007 to 570 thousand hectares between in 2012.¹⁷²

According to the Ministry of Agriculture, 39 of the 79 municipalities of Mato Grosso do Sul have at least one sugar cane mill. The state also has the highest rate of violence against indigenous peoples¹⁷³ — 37 of the 60 indigenous people murdered in Brazil in 2012 were killed in this State and 567 of the 1067 cases of violence against indigenous people also occurred there. There are clear links between agribusiness expansion and the extraordinary level of violence against indigenous people in the State.

WHO IS BUNGE AND WHAT ARE THEY DOING IN BRAZIL?

Bunge bills itself as ‘a leading agribusiness and food company with integrated operations that circle the globe, stretching from the farm field to the retail shelf’.¹⁷⁴ Bunge is a powerful actor in Brazil, where it is one of the top three sugar cane millers in Brazil and a top-three sugar merchant globally.¹⁷⁵

WHAT IS THE CBA’S CONNECTION TO BUNGE?

The CBA has a direct investment in Bunge’s operations, holding \$14.21 million in the company, according to share ownership records reviewed in December 2013.¹⁷⁶ This ownership obviously leaves the CBA exposed to the financial value and operations of the company.

BUNGE AND SUGAR MILLS IN JATAYVARY, MATO GROSSO DO SUL

In the 1960s, the indigenous Guarani-Kaiowá communities in Jatayvary started trying to formalize their rights to the land. Despite suffering violence, being moved off the land for four years in the mid-1990s, and facing intimidation by farmers on their return,¹⁷⁷ in 2004 they succeeded in having Jatayvary recognized as indigenous land by the relevant federal agency, FUNAI. However in 2008, two new sugar mills¹⁷⁸ started up including Monteverde — now owned by Bunge. A number of farms then started producing sugar cane to supply the mills, including in the area in Jatayvary area claimed by indigenous communities. Bunge’s Monteverde mill buys sugar cane from five farms located in Jatayvary.¹⁷⁹



Edilza Duarte, 24, with daughter Stephanie Duarte and son Jason Duarte. Guarani Kaiowá people at Jatayvary Indigenous Land. Ponta Porã, Mato Grosso do Sul State. Brazil. She says that the sugar plantations have put an end to her culture by clearing the forest and spreading “poison” (the chemicals sprayed on the sugar plantations). Photo: Tatiana Cardinal/Oxfam.

Meanwhile the Indigenous communities had started the four-step administrative process of land demarcation. In 2011, the second step was completed when 8,800 hectares of land was “declared” by the Minister of Justice, setting the boundaries and recognising the Guarani-Kaiowá’s rights.¹⁸⁰ While the next step in the process would have been actual demarcation of the land through physical identification of the boundaries, an attempt by FUNAI and the Federal Police to proceed resulted in the sugar suppliers preventing them from doing so.¹⁸¹

Given that the demarcation process was underway, Bunge was requested by a federal prosecutor to stop sourcing sugar cane from Jatayvary. After pressure from the State Prosecution Office (MPE), the Federal Prosecution Office (MPF), and the Federal Labour Prosecution Office (MPT), the other mill sourcing from the Jatayvary land, San Fernando, signed a commitment promising not to purchase or promote the planting of sugar cane in land traditionally occupied by Indigenous peoples.¹⁸² However, Bunge has insisted¹⁸³ that it will only consider breaking its contracts once the land is fully demarcated, and officially signed by the President.

IMPACTS ON JATAYVARY COMMUNITY

Living so close to the sugar plantations has brought devastating social and environmental impacts for 60 families. These include exposure to pesticides and to smoke from the burning of sugar cane straw, pollution of waterways, and pollution and risks from the intense vehicle traffic that transports sugar cane.¹⁸⁴

Edilza Duarte (pictured above) and her family live in the indigenous land of Jatayvary. They grow potatoes, manioc (cassava), corn, bananas and mangos around their house. Edilza stated, “They began spreading the fertilisers on the land. After, they plant the sugarcane and spread the poison again, even on top of us, even close to our house ... When it rained, the water flowed down towards the river where we bathe and get drinking water. Children got ill with diarrhoea and skin infections and other illnesses.” Silvano, Edilza’s husband, was also interviewed. He stated he had to travel further away to hunt these days as so much forest has been cleared for farms. “The sugar company has always refused to employ us — because they have taken our land feel they should not hire people from here.”

Bunge has asserted that the sourcing contracts for sugar from the Jatayvary area were entered into by the previous owners of the Monteverde mill and should be honoured. Although the company indicated that it would not renew contracts as they expired in 2013, it has subsequently indicated that it will be 2014 before the contracts run out,¹⁸⁵ although at March 2014, there was no public indication that the situation has changed.



WHAT DOES THE FUTURE HOLD FOR JATAYVARY'S PEOPLE, BUNGE AND THE CBA?

Oxfam first published this case study of Bunge and the sugar mill in October 2013 as a part of its report into the sugar suppliers for global food and beverage companies.¹⁸⁶ After the report was published, both the Coca-Cola Company¹⁸⁷ and PepsiCo¹⁸⁸ took steps to adopt strict Zero Tolerance to Land Grabbing policies to prevent land conflicts in their supply chains. They also made commitments to undertake third-party social, environmental and human rights assessments and sustainable sourcing policies specifically in relation to

sugar in Brazil. However, since this case study was published, Bunge has signalled plans to shed the company's Brazilian sugar milling business, citing losses,¹⁸⁹ which raises further questions about the sustainability of Bunge's operations with the sugar mill in Jatayvary. The only public commitment Bunge has made in regards to its sugar mills in Brazil is to hire financial services firm Morgan Stanley as an adviser to review its future in Brazil.¹⁹⁰ The CBA has not made any public comment on the allegations Oxfam has put forward regarding either its connection to Bunge, or the company's operations canvassed in this report.



Keila Snard, Jatayvary Indigenous Land, Ponta Porã, Mato Grosso do Sul. Keila (46) is a widow and a mother of five. She lives in Jatayvary (Ponta Porã). She says her ancestors lived in the area but when she was very young her family was evicted. Her community occupied the land where she now lives 16 years ago. “The sugar company needs to resolve the land problem so that we can start planting crops because we are very poor. My concern is to get our land back. I don’t feel anger; I just want our land returned.” Photo: Tatiana Cardeal/Oxfam.