

# Within the farm gate: the challenges of tracking the beef chain in Brazil

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## Key messages

**1** While being complex, the Beef Value Chain in Brazil still exhibits various environmental and land irregularities. Therefore, implementing efficient and comprehensive traceability mechanisms is crucial for identifying the actors in the chain, especially those with informal or invisible roles.




**2** In order to move forward in the monitoring of indirect cattle suppliers, efforts need to be made at different levels - federal, state and municipal - by the public and private sectors, along with civil society, to build upon ongoing initiatives and reintegrate noncompliant suppliers into the market by ensuring environmental and land regularisation, not just in the Amazon but in other biomes as well.





## How the chain is set up

The structure of the beef supply chain is well known and is made up of interactive links represented by the input industry, producers, processing industries, distributors (wholesalers and retailers) and end consumers, both domestic and international. The main links in this chain can be represented through three systems:

-  **Pre-farm gate processes** - where the processes prior to production take place.
-  **Farm gate processes** - where the stages of cattle breeding, rearing and fattening take place.
-  **Post-farm gate processes** - where processing for sale takes place.

It is important, however, to point out that other groups also interact with this chain and have an influence on the dynamics between the links. There is a diverse set of actors involved in the processes from breeding to fattening based on exchanges and the sale of animals for slaughter. A group that is not very visible in the chain and which needs to be included in the reviews and monitoring of the chain are the cattle brokers and intermediaries. It is also important to mention the role of auctions in Brazil, which are an important mode of trade in the country and that add an extra layer of complexity to the chain when it comes to traceability.

The literature shows that cattle breeding activities tend to be concentrated in small farms, which have limited technological capacity. On the other hand, stocker and feedlot activities are concentrated on larger properties and therefore have greater investment possibilities. According to the most recent Agricultural Census conducted by the IBGE Geography and Statistics Institute (Sidra, 2017), cattle production is distributed as follows: 29% on properties spanning less than 100 hectares, 37% on establishments ranging from 100 hectares to under 1,000 hectares, and 34% in areas exceeding 1,000 hectares. Despite the atomization of production, considering the size of the properties, there is a significant contingent of small-scale producers dedicated to cattle farming.

In this context, it is worth noting that there are significant exchange relationships among family farmers, which occur through wages, knowledge, and skills related to agricultural practices, as well as payments involving a part of their livestock. There is also the cultural practice of breeding animals for the purpose of savings so producers can sell their herd in times of need. Therefore, less capitalised producers tend to invest part of their stock of natural capital in the expansion of livestock farming in an effort to increase the well-being of their families. As a result, production activities, usually diversified with the production of annual (herbaceous) and permanent (arboreal) crops, are integrated with animal husbandry in pastures. Small-scale cattle farming involves a combination of dairy and meat systems on a subsistence basis, which is typical for properties smaller than 500 hectares (Carvalho et al., 2020).



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Livestock transactions take place at all stages of production, whether full cycle or not, and involve brokers and social and dependency relationships that have not yet been fully identified in the literature available on the subject. This complexity makes it difficult to monitor processes throughout the supply chain since only part of them are covered. A report published by the Brazil Climate, Forests and Agriculture Coalition (2020) stated that traceability systems have made progress, however, only for producers who carry out full-cycle activities since they sell directly to meatpackers, who in turn have mechanisms to monitor their suppliers. The cow/calf and rancher systems are more difficult to monitor, as there is no direct relationship between the meatpackers and their suppliers. The result is a chain that is restricted due to a lack of information and access to verifiable data, implying little transparency.

As such, the demand and accountability for deforestation-free cattle production that honours human rights must take place at all levels - from small to large-scale cattle producers - and at every link in the production chain. That is why it is so important to make progress in monitoring indirect suppliers, categorised as the group that occupies the system from within the farm gate.

But for this to happen, it is necessary to bear in mind the cultural, economic and infrastructure access issues that permeate and define the processes of land use and occupation, as well as the trade and sale of animals, and it is essential to identify the role of cattle brokers in this chain. By the same token, it is essential to support land and environmental regularisation for the producers who are still unable to access this type of service and information, including by identifying those that occupy public land illegally, protected or not.

The debate on the monitoring of indirect suppliers is vast and long-standing. Socio-economic and environmental studies, mostly in certain regions of the Amazon such as the states of Pará and Mato Grosso, have pointed to the need to create incentives to guarantee standing forests. For this to happen, it is important for the public and private sectors to work together with civil society at the federal, state and municipal level. In this regard, there are several programs and initiatives that have managed to cover some regions of the Amazon and have, albeit with difficulties, facilitated the interaction between suppliers and meatpackers and, to some extent, retailers. These experiences need to be strengthened and broadened to other regions of Brazil.







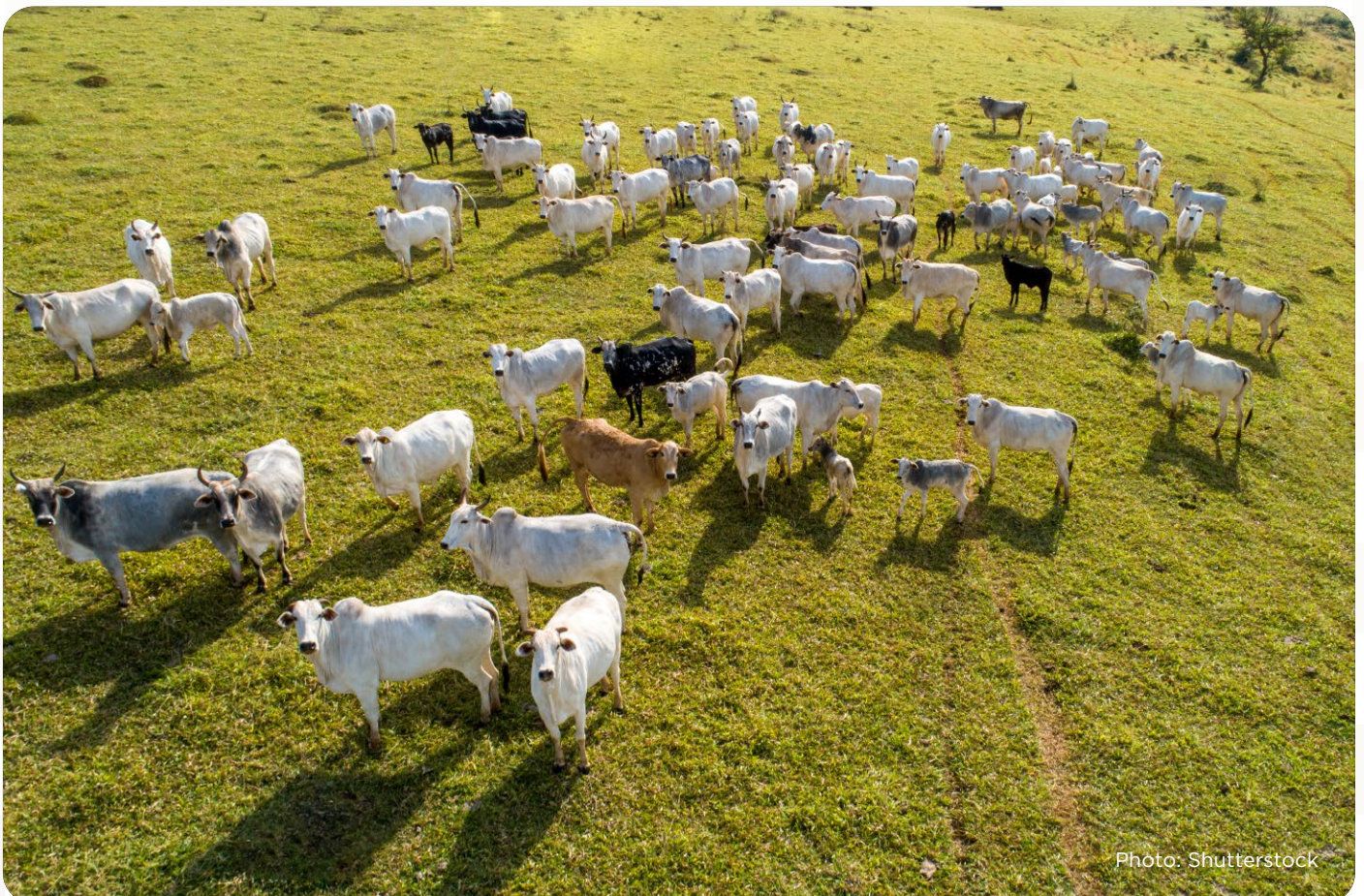




# Recommendations to advance the monitoring of indirect suppliers, from within the farm gate

Based on the above scenario, it is necessary to:

-  Recognise and deal with the high level of penetration and complexity of the beef supply chain by, on the one hand, looking for traceability systems suited to the local reality and the rules that can analyse suitability and block illegal properties in a connected manner. On the other hand, develop gradual and progressive strategies to reintegrate noncompliant suppliers instead of excluding them from the value chain.
-  Encourage both the development and implementation of technical assistance and rural extension programmes aimed at good production practices, compliance with the Forest Code and land-title regularisation to ensure access to information and training for rural producers, particularly small ones.
-  Encourage credit lines and other incentives for noncompliant producers, primarily small ones, who are looking to adapt and implement good practices, especially in light of the Forest Code, by offering the possibility of their reintegration into the supply chain. Also create subsidised credit lines for compliant producers to bolster the conservation of essential ecosystem services.
-  Improve communication with public environmental and land agencies among producers, by guaranteeing access to information and knowledge, effective and efficient communication and the monitoring of supplier properties, as well as clarifying rights and duties regarding compliance with environmental laws and human rights.



**BEEF ON TRACK**

Launched in 2019 by Imaflora in partnership with the Public Prosecutor's Office (Ministério Público Federal - MPF), Beef on Track strengthens the productive beef chain in the Amazon region by connecting producers, meatpackers, tanneries and retailers. The objective of the program is to ensure the implementation of the socio-environmental commitments assumed by the members of the TAC (Term of Adjustment of Conduct). The online platform provides data, tools, and information about the sector in an open and transparent manner to ensure a chain free of socio-environmental irregularities.

In addition to the partnership with the MPF, the initiative also receives support from the Brazilian Beef Exporters' Association (ABIEC) and funding from the European Union and other organisations: Moore Foundation, NWF, P4F, iCS and Great for Partnerships of the United Kingdom.



Imaflora is a Brazilian non-governmental organisation, created in 1995, to promote the conservation and sustainable use of natural resources for the development of social benefits in the forestry and agricultural sectors.

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