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World Bank pledges to save trees... then helps cut down Amazon forest

A month ago it vowed to fight deforestation. Now research reveals it funds the rainforest's biggest threat. By Daniel Howden

Ranching has grown by half in the last three years, driven by new industrial slaughterhouses which are being constructed in the Amazon basin with the help of the World Bank. The revelation flies in the face of claims from the bank that it is funding efforts to halt deforestation and reduce the massive greenhouse gas emissions it causes.

Roberto Smeraldi, head of Friends of the Earth Brazil and lead author of the new report, obtained exclusively by The Independent on Sunday, said the bank's contradictory policy on forests was now clear: "On the one hand you try and save the forest, on the other you give incentives for its conversion."

There are now more than 74 million cattle reared in the Amazon basin, the world's most important eco-system, where they outnumber people by a ratio of more than three to one. Fuelled by massive illegal ranches, the South American giant has become the world's leading beef exporter, rearing more cattle than all 25 EU members put together. This industrial expansion comes despite international agreements to combat deforestation, and claims from the government of Brazil that it is succeeding in slowing the destruction of the world's largest standing forest.

"Land-use change in the Amazon is first and foremost a product of ranching. It is on the hooves of cattle, out on the forest fringe, where the repercussions are being felt," said Mr Smeraldi.

The new report, "The Cattle Realm", comes after a year in which deforestation was acknowledged as the second leading cause of carbon emissions worldwide and was included in the plan for a new global treaty to fight climate change. But the catastrophic destruction of the Amazon to make way for ranches is being funded by the same international institutions that have pledged to fight deforestation.

The World Bank, which unveiled a new programme to fund "avoided deforestation" at the UN climate summit in Bali last month, is at the same time pouring money into the expansion of slaughterhouses in the Amazon region. The new report estimates that the internationally funded expansion of Brazil's beef industry was responsible for up to 12 billion tons of CO2 emissions over the past decade – an amount comparable to two

years of emissions from the US.

The World Bank, which British taxpayers help to fund, lent its backing to the inclusion of deforestation in the Bali "road map" signed by 180 countries last month. At the summit the bank unveiled its Forest Carbon Partnership Facility (FCPF), aimed at reducing deforestation by compensating developing countries for carbon dioxide reductions realised by maintaining their forests. The pilot programme has received more than \$160m (£82m) in funding from donor governments.

The World Bank's president, Robert Zoellick, claimed that the project "signals that the world cares about the global value of forests and is ready to pay for it. There is now a value to conserving, not just harvesting the forest." But the institution, set up to provide loans to developing countries aimed at reducing poverty, has been accused of hypocrisy as it talks up relatively low levels of funding on "avoided deforestation" while spending millions more on the industries – such as cattle ranching and soya production – that are the acknowledged drivers of forest destruction.

In a single project last year, the IFC – part of the World Bank group – handed \$9m to Brazil's leading beef processor to upgrade its slaughterhouse operations in the Amazon, despite an environmental study, carried out for the IFC, which showed that expansion of a single slaughterhouse in Maraba would lead to the loss of up to 300,000 hectares of forest to make way for more cattle.

The project was signed off despite angry resistance from up to 30 NGOs in Brazil and the intervention of the influential US lobbying group the Sierra Club, all of which pointed out that the high-risk agricultural project contradicted the bank's stated aim of reducing greenhouse gas emissions.

In the past three years Brazil's National Development Bank and the World Bank have poured funds into the southern Amazon, fuelling the expansion of the cattle industry with new slaughterhouses and four million additional head of cattle. "While governments insist they are doing their utmost to stop deforestation they have been putting in place incentives for the destruction of the forest. It is taxpayers' money fuelling this," said Mr Smeraldi.

Only the US rears more cattle than Brazil, which since 2004 has led the world in beef exports. The endangered eco-system of the Amazon basin has accounted for 96 per cent of all growth in the country's cattle industry. The ranchers are expanding as meat consumption soars both in Brazil and the rest of the world. Britain is the sixth largest importer of Brazilian beef, buying more than 80,000 tons in the year to November 2007.

The Amazon basin is home to one in 10 of the world's mammals and 15 per cent of land-based plant species. It holds more than half the world's fresh water, and its vast forests act as the largest carbon sink on the planet, providing a vital check on the

greenhouse effect. This vital resource faces three main dangers: the expansion of the soya industry, driven by high prices for animal feed; the surge in sugarcane plantations to feed the sudden and insatiable global appetite for bio-fuels; and the traditional threat of cattle ranching, underestimated in recent years as soya and sugarcane have received more attention.

Since the "Save the Amazon" campaigns of the 1970s the role of illegal ranchers in the destruction of the rainforest has been widely known. Virtually non-existent government control has allowed ranchers to clear large areas of remote forest for pasture. But the land – while initially fertile – quickly erodes, spurring the need for new pasture and driving the chainsaws further into the forest, in a vicious cycle largely unchecked for decades. Carbon dioxide emissions from the fires set to clear the trees have helped to propel Brazil into the top four carbon polluters in the world, exceeded only by the US, China and Indonesia.

At the end of each dry season, in anticipation of the first winter rains, farmers and cattle ranchers throughout South America set fires to "renovate" pasture land. But this process has spun out of control as deforestation and climate change have created a tinderbox, leading to ever-larger blazes. Last October a record area of the rainforest went up in flames, choking vast areas of not just Brazil but Paraguay and Bolivia.

There are increasing signs that the strain placed on the Amazon's eco-system could lead to an irreversible breakdown. Last month the WWF predicted that the combination of drought and fire could wipe out the Amazon by 2030, with disastrous consequences for the world.

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