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CAN BIG COMPANIES STOP TROPICAL DEFORESTATION?

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A towering rainforest tree crashing to the ground reminds me of a short-lived hurricane followed by an earthquake—thrilling and frightening at the same time. Severe wind, disease, fire and old age were once the only reasons these centuries-old giants would topple. Today, chainsaws and bulldozers knock down billions of tropical trees each year. The carbon contained in the wood of their trunks and branches leaks into the atmosphere through fire or decay—a giant planetary belch that is bigger than the carbon pollution of all of the world's cars, trucks, buses and motorcycles combined. In a remarkable flurry of CEO pronouncements in recent years, more than 300 big companies that depend upon the agricultural commodities that are grown where tropical forests have been razed are taking a stand against tropical deforestation. They have pledged to eliminate or reduce the tropical forest clearing caused by production of the palm oil, soy, beef, timber, or paper pulp that they buy. These corporate pledges will make the people who live in tropical regions stop clearing forests, right? Unfortunately, it is not so simple, as the Earth Innovation Institute describes in a new report. Many rural communities, farmers and companies own or control forested land that they are allowed by law to clear. For the poorest members of rural societies in tropical forest regions, "zero deforestation" can mean hunger and lost economic opportunities. This is because many poor rural families overcome the low fertility of their soil by clearing and burning patches of forest and planting crops in the ash-enriched earth. Will they be left out of markets and revenue they desperately need if they continue this traditional practice of swidden agriculture, even if it is sustainable and carbon neutral? The exclusion has already begun. Law-abiding farmers in Brazil have told me that a zero deforestation corporate announcement is similar to telling homeowners that they can no longer use their living rooms or kitchens. For a landholder in Brazil, losing the legal right to clear 10 hectares of forest can lower a property's value by ten thousand dollars or more.

Meanwhile, companies that produce commodities are also running into obstacles. When businesses try to keep the forests in their palm oil concessions standing in Indonesia, for example, they often find that the local government has given their "protected" forest to a competing firm so that they can put it into production. When zero deforestation commitments collide with government land-use zoning, the chances of success plummet.Zero deforestation pledges can also be extremely difficult to implement for other reasons. In regions where lots of deforestation is taking place—and where strategies to combat deforestation are most needed—it is no simple task to verify that a truckload of palm fruit bunches or cattle were produced "free of deforestation". And as each company develops its own system for tracking products through the supply chain, the burden on the producers and processors grows larger as they try to meet the complex requirements of the market. For some companies, the

easiest and cheapest way to remove deforestation from their products is to pull out of commodity-producing regions with lots of deforestation, buying, instead, only from regions where there is no forest left to clear. Some companies are already doing this. The problem is that there are plenty of companies without deforestation commitments that are happy to occupy the market space that committed companies leave behind. When the market splits, higher deforestation may be the result. Does this mean that corporate deforestation pledges are meaningless? Not at all. Corporations can help slow deforestation when their pledges are translated into positive messages to regional societies that are finding ways to slow clearing. Instead of “we won’t buy from you because you’re destroying your forests” a more effective message can be “we will collaborate with you and buy products from you because you are striving to slow deforestation”. There are important examples of this collaborative approach to deforestation in practice. The Indonesian Palm Oil Pledge (IPOP) organization, which represents six of the world’s largest palm oil buyers, has formalized a collaborative agreement with the regional government of Seruyan District, in Central Kalimantan, Indonesia, and our sister organization INOBU to help smallholder farmers join the formal economy as the entire District moves towards sustainable, low-deforestation development. Other Districts are preparing to do the same. Similarly, the Brazilian state of Mato Grosso has launched a bold plan for slowing deforestation, re-establishing forests along streams and rivers, improving smallholder farmer incomes, and ending illegal clearing by 2020. The chances of this plan succeeding are increased through the collaboration of companies that have pledged their support. Grupo Amaggi, a Brazilian soy conglomerate, and Marfrig, one of Brazils largest meat processing companies, have already stated their willingness to help. The Norwegian food and feed industries have also formalized their support for the Mato Grosso plan, led by Denofa. These corporate endorsements increase the chances that Mato Grosso will reach its goals, keeping 6 billion tons of carbon pollution out of the atmosphere by 2030. This is twice the carbon pollution reduction of Obama’s Clean Power Plan. Of particular importance in both of these cases is farmer participation. In Seruyan, smallholder farms are being mapped and brought into the formal economy. In Mato Grosso, Aprosoja and FAMATO, powerful farm organizations, have endorsed the state-wide plan and hope that it will help open new markets. When farmers and governments of tropical forest regions hear through the media that the companies that do business with them are ending their purchases of agricultural commodities that are associated with deforestation, they are excluded from the decision and often oppose it. When they are part of a discussion about the future of their region and how to build long-lasting prosperity by keeping natural ecosystems healthy, they own the deforestation issue and often support plans to slow it. Seruyan, Mato Grosso and many other regions not described here could be the beginning of a race to the top, in which states, provinces and districts compete to demonstrate the fastest transition to sustainable development, including a strategy for slowing and virtually ending deforestation. This race can draw on the power of public policies, law enforcement agencies, and public farm credit programs, greatly amplifying the positive influence of progressive corporations that have pledged to do something about

tropical deforestation. To all of us--the buyers of products that contain tropical soy, beef, palm oil, pulp or timber in them--the challenge is to avoid the trap of thinking that anything short of “zero deforestation” commodities is not good enough. Insisting on perfection in the fight against tropical deforestation may actually slow progress in addressing this important global challenge.