



Açúcar Ético – Ethical Sugar – Azúcar Ético

MISSION REPORT

2nd scientific meeting.

**Sectoral meeting set up by the French
NGO Sucre Étique (Ethical Sugar).**

**ISSUES AND CHALLENGES FACING THE
BRAZILIAN SUGAR & ETHANOL
INDUSTRY OF THE 21ST CENTURY,
WITHIN A GLOBALIZED SECTOR**

30th and 31st of May 2006.

**FASP (Associated Universities of São Paulo) – SÃO PAULO –
BRAZIL**

ONG Sucre Ethique – NGO Ethical Sugar
6, allée de la Malletière 69600 Oullins-Lyon – France
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I. Antecedents and justification

In June, 2004, whereas the UNCTAD meeting took place in São Paulo, Ethical Sugar organised the meeting « Sugar market globalisation vs. socio-economic rights globalisation » in the PUC-SP. The goal was to create synergies between the different actors that take a part in this sector, which is growing rapidly, in order to build and secure a sustainable development, taking the Corporate Social Responsibility's tools.

Since then, the structural and contextual reasons of such an expansion, in a certain way, changed. The European sugar market reform laid out by the WTO still consolidates the growing perspectives of the sugar producers (Price and production). Indeed, labour, generosity and extension of Brazilian agricultural surfaces makes cane sugar the most competitive in the world. The innovation is the importance of Ethanol facing the crisis of fossil energies. Brazil, in addition of its comparative advantages, owns technology, experiment and market. Brazil's alcohol is the most competitive in the world ; neither European colza, nor North-American corn can compete with the Ethanol. Nowadays, 76% of the new cars are “flex”. Exportation grows by 200% in three years and the biggest investors are interested in the sector - Cargill just bought a mill – and a private equity firm was created by the Société Générale specially for the mills, which blossomed in the new cane area (Mato Grosso, Mato Grosso do Sul, Minas Gerais, etc...).

The demand is such a that the alcohol produced in the 2005 campaign wasn't able to ensure the between-season, and the available campaign started one month in advance. This is a bit worrisome due to the intensive use of “maturador” of which the effects on environment and health are more than ignored.

In light of this, it is imperative to think about sector growth in a sustainable and responsible way. It was from this point of view that the ONG Ethical Sugar organized this sectoral meeting.

II. Methodology.

The economical and power interests are serious in the sugarcane sector. The cutters' working conditions are particularly alarming as the domination of this labour is registered in the Brazilian history (colonization, slavery and ground ownership). Environmentally speaking, the sugarcane is viewed too often as the Ethanol producer that "cleans" the cities.

In fact, it was essential to create the meeting methodology under the spectrum of neutrality. The speakers were practically PhDs. This is true in two different ways. First, it is of primary importance to promote the dialogue between academic researchers and financial companies or decision makers. Indeed, the academics paid by teaching institutions perform research without purpose of practical order (technological, productivity...). For example, the book published by the UNICA (trade union of the factories of the State of Sao Paulo), *the Sugarcane Energy* which wants to analyse the socio-environmental impacts of this culture, does it only partly: it completely ignores the question of social impacts in terms of health or of occupational safety. In addition, it is said that the sugarcane burn has no impact on health, nor on the atmospherical pollution

Then, and from a purely strategic point of view, this neutrality was considered as the only way to bring together all the actors of the sector. Once again, the interests are huge and the social and environmental condition worrying. What can explain a certain animosity between the shareholders of the sector? CSR's goal was not to make a great trade-union mass, nor was it to join together NGO environmentalists. CSR's intention was definitely not to create a strategic point for the companies, but rather, to support the social dialogue as well as solutions in terms of better practises. Yet, to better build these practices, a diagnostic is compulsory.

Lastly, it was decided at the last minute to include the trade unions because they are the traditional social dialogue promoters. When neutrality was not the rule, the following balance was put into play: a representative of the UNICA and one of the FERAESP (federation of the rural employees) were each invited.

III. Program

30th May - Economic and Social issues on the sugarcane sector

Morning: Brazilian sugarcane perspectives in a globalized sector.

09h00-09h30: Welcome Speech and Coffee.

Dr **Nivaldo Trama's** Intervention, Abiodiesel's President (Biodiesel producers association)

9h30-10h30: Presentation total and general of the sector

- Situation and anticipation of the expansion due to the crisis of fossil energies, the ecological reference, the sugar market European reform and the Brazilian price of production.
- Importance of alcohol as well as the national level (cars "flex-fuel", petrochemical sector...) than the international one (Exportation to the United States, technology ownership, etc.)
- Situation of the investments in Brazil and in the state of São Paulo: prospects for financing (construction of factories) and for mechanization in the decades to come.

Dr **Carlos Eduardo Vian**, Economy, Sociology and Adm. ESALQ Dept., USP, Piracicaba.

10h30-11h30: Structure and regulation of the ground and work markets in Brazil: situation of the sugarcane.

- Regulation of the grounds: intervention of the federal and national authorities (property, social function of the ground, land reform problems, etc.)
- Land markets: high prices of the ground, concentration; growth and preponderance of cane-with-sugar with São Paulo (more than 40% of agricultural surface).
- Regulation of the labour market: Various laws for the rural workers (times partial, complete, seasonal, etc.) that it is on the level of the States that federal.
- Characteristics of the rural labour market and cannier: very high mobility, just as rotation; very weak formalization and very low wages.

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Dr **Sebastião N.R Guedes**, coordenador C departamento of economia da Unimep, Piracicaba. Piracicaba.

11h30-12h00: Book presentation 'The Sugarcane Energy'

The book published by the UNICA (trade union of the factories of São Paulo) falls under a Corporate Responsibility optic. It is the research publication on sugarcane's social and environmental impacts and on the conditions of a sustainable growth. It was mainly carried out in collaboration with the Sugarcane Technology Center of Piracicaba and aims at informing the collaborators of the employers' federation of the sugarcane stakes.

Dr. **Isaias de Carvalho Macedo** - UNICA - UNICAMP, Campinas.

12h00-12h30: Debate, answers and public participation.

12h00-13h30: Lunch

Afternoon: Sugar and Alcohol Social impacts

Presidency: Dr **Ricardo Garcia** - Work Attorney. Public Work Ministry

13h30-14h30: Work Safety Industrial accidents and EPI(Individual protection equipments) in the sugarcane cut.

- Industrial accidents: definition and official classification, underestimated Brazilian statistics (only hard-working contracted officially, character quasi-optional of the declaration of the accidents, etc.) : no case listed in the State de São Paulo for example, most frequent causes and cases.
- Safety equipments: presentation of the laws and their negotiation, work methodology (qualitative and quantitative investigation), presentation of the various equipment and the causes of the wounds: glasses, machete, shin guard, shoes, arm and finally gloves analyzes (matters, dimensions, seams...)

Maria Cristina Gonzaga, Unicamp PhD - Campinas, enquiring in ergonomics of the public foundation for the occupational safety (Fundacentro).

14h30-14h45: Debate, answers and public participation.

14h45-16h00: Migration, Mechanization and deaths: 'bóias-frias' (Sugarcane cutters) identity evolution.

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- Current situation (18 deaths by exhaustion last season, already 13 this year) and causes of the deaths: production structure (fields organization in 5 streets, repetitive, painful work, cane burning...), production payment (2,45 reais the ton: less than one Euro), perspective history and analyzes exploitation.
- Migrations: important need for labour and strong deficit in the State of São Paulo (higher level of education, wage requirement...) from where the call for a labour of other states and in particular from Minas Gerais and Nordeste (Maranhão and Pará in particular). Conditions of recruitment by the "Gatos" (literally "cat", kind of gangster headhunter), system of the debt, etc.

Dr. **Francisco Alves**, UFSCar Professor, department of Production Engineering, São Carlos.

16h00-16h15: Debate, answers and public participation.

16h15-16h30: Coffee break

16h30-17h00: Intervention of Bispo Aparecido da Silva, Feraesp representant (rural employees' federation) of Andradina – SP.

Testimony and presentation of the reality of the workers: questioning on the impacts of the maturator strongly used this season because of its precocity, put in prospect for the mechanization and the sugarcane burning, presentation of the new establishments in the West of the state, where the workers movement isn't well installed, thus where the wages and the working conditions are interesting in a production cost context.

17h00-18h00: fight against the child work: example and methodology.

- The method followed by the Abrinq Foundation is the sectoral pacts in the risky productive chains, it consists in pushing the companies which join the program "Company friend of childhood" to require its suppliers and customers the formal and real prohibition of the children and teenagers work. The company that follows the program receives a stamp of the foundation, which can have marketing advantages.
- With specific regards to sugarcane, the foundation established 7 sectoral pacts what allowed the construction of schools and of various education programs and, at the same time the eradication of the child work in the sugar cane fields.

Carlos Bimbatte Junior, Abrinq Foundation for the children and teenagers rights.

18h00-18h15: President Conclusion.

31st May - Environmental and Management challenges on the sugarcane sector

Morning: environmental impacts

Presidency: **Oswaldo Lucon**, Environment Secretary of the State of São Paulo.

09h00-10h00: Health and Environment - Relation between Sugarcane burning and Health

The prime objective of its intervention is to point the biomass burning as an important source of pollution, which is largely ignored.

The motivations and the incidences of such burnings were presented while insisting on pathologies observed. Two specific sugarcane investigations in the State de São Paulo were showed and in particular the respiratory mortality profile that the population suffers and were exposed to was not well studied.

Dr. **José Eduardo Delfini Cançado**, Researcher in the atmospheric pollution laboratory of the FMUSP

10h00-11h00: sugarcane general impacts on the environment.

The conference shows the ignored face of alcohol, often presented as a reduction factor of the greenhouse effect, by presenting the consequences of the culture of the cane:

- Monoculture: toxics massive use which has serious consequences on the rivers and the ground water. Without forgetting, the correlative abandonment of other cultures, destruction of the forests of origins.

- Sugarcane: important effects on air pollution as well as on fauna and the micro-organisms

- Discharge of water used for washing and transformation residues in the rivers, which put the balance of the river beds in danger

- propositions in terms of better practices were presented.

Dr **Daniel Bertoli Gonçalves**, Phd in Production engineering da UFScar.

11h00-12h00: Water Issues: Pollution and improper use.

The analysis method of such an issue was to study the sugarcane consequences on water due to:

- Culture: sugarcane miss roots and other plants' roots (in particular trees) are essential for the balance of the distribution of water. River pollution because of burnings and toxic fertiliser use.

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- Industrialization: process of transformation which requires an excessive quantity of water, problem of the residues and water discharge pours directly into the rivers. Modification of the water oxygen content.

Dr. **Felipe Dias**, Environment engineering Coordinator of the Dom Bosco University in Campo Grande, MS

12h00-12h15 : Debate, answers and public participation.

12h15-12h30: President of the Section Conclusions.

12h30-14h00: Lunch

Afternoon: Better Management Practices

Presidency: Mr. **Alexandre Strapasson**, Ministry of Agriculture.

14h00-15h15: Ethos Institute: indicators of Corporate Social Responsibility and specific action for the sugarcane sector.

- Detailed presentation of the method of the Ethos institute, different way of action than trade-union for the improvement of the socio-environmental conditions, and in particular assessment heuristics which provides the indicators application.

- Sugarcane specific presentation: Ethos indicators application program to 95 factories in partnership with the UNICA and installation of a complex and structured tool to study the sugarcane added-value chain to establish the best a repertory of better practices (work starting with a big company to its SME network, in order to widen the network).

Mr **Paulo Itacarambi**, Ethos institute executive director.

15H15-15H30: Debate, answers and public participation

15h30-16h00: coffee break.

16h00-17h00: Socio-environmental Certification and Labelling.

- Definition of the certification principles and basic motivations.
- Initiatives for the sugarcane sector, methodology and construction of the principles, criteria and indicators (Imaflora and FSC)
- Analysis of the experience relative failure and setting in prospect with the success for the wood sector.

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This standard created in 1998 was a failure due to, in particular, the lack of interests of the companies at the time.

17h00-17h15: Debate, answers and public participation.

17H15-17h45: Better Sugarcane Initiative (BSI).

- Presentation of the initiative, of the members and of the methodology of meeting of the sector various actors of the (companies, social and environmental NGOs, etc.).
- Presentation of a need for establishment in Brazil.

Dr **Manoel Regis Lima Verde Leal**, UNICAMP – NIPE

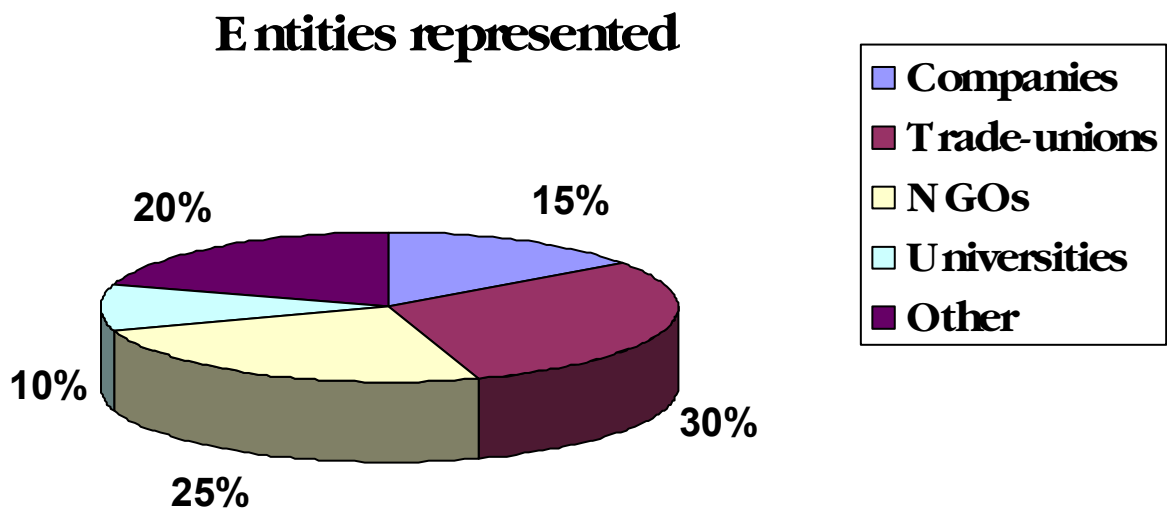
17H45-18H15: President of the Section Conclusions

18h15-18h30: Closing speech

Prof. **Olivier Genevieve**, Ethical Sugar President

IV. Presence.

Approximately 180 groups attended the conference, they belong to various entities as the next scheme (without speakers) :



Companies: consultants, banks, communication agencies, millers, sugar and alimentary groups' representatives.

Trade-unions: workers (rural and mill), millers, petrochimal industry, alimentary industry trade-unions' representatives.

NGOs: Environmentalists (WWF, Earth's friends, etc.) , social rights defenders (Reporter Brazil, Social Observatory, etc.), development organisations(OXFAM, FLO, etc), organic associations (AAO),etc.

Universities: from various departments: sociology, engineering, geography, economics,.etc.

Other: government representatives, (Agriculture an Environment secretaries), public and private foundations, health public institutions, journalists, etc.

V. Perspectives.

In the **short run**, the first work to be carried out is the acts' publication.

Indeed, the information joined together all along the seminar is the base of a Corporate Social Responsibility, yet many of the key actors pertaining to the sector were not present during those days, and this is for several reasons. The first, is the distance, there was no representative of Nordeste, however contacts by mail showed their interest. Furthermore "the new" sugar areas were under-represented. Then, and from a strategic point of view, few factories and sugar groups came. This shows that the methodology did not function that well. However, it is of primary importance that these companies have access to this information and not only to those of the UNICA.

The entire seminar was filmed and it was requested from speakers to provide us with an article corresponding to their conference. We are currently working on re-transcription and on data organization. The publication will be available in August and will be consequently diffused.

In the **medium and long term**, that is to say the future actuation of Ethical Sugar in Brazil, will be broadly overviewed, as it is not the subject of this report.

The idea is to initially organize modest "workshops" (approximately 20 people) on precise subjects and with only the key people, who would represent in the same proportion the institutions present during the seminar. The subjects will be selected among the most problematic statements detected during the seminar, for example: The "Maturador" (Dupont de Nemour), transition towards prohibition of sugarcane burning and towards mechanization, subcontracting of labour, etc. Their goal will be to identify and promote the best practices.

Moreover, Ethical Sugar in Brazil wants to take a great part in the Brazilian BSI implementation and in particular on the social aspect. It is absolutely necessary that this Better Sugarcane Initiative have a strong action of support in Brazil.

Lastly, the organization wants to renew the sugarcane sectoral chamber, so that beyond the CSR, these practices will find an echo in public policy.