



# DIALOGUE ON SUSTAINABILITY AND TRACEABILITY OF THE BEEF AND LEATHER CHAIN

Third Technical Dialogue:

The use of traceability tools to increase sustainability in the beef and leather chain.

May 18, 2022

## 1. INTRODUCTION

On 18 May 2022, through the AL INVEST Verde Program, the European Union, in partnership with IPAM (Amazon Environmental Research Institute), organized the third “Technical Dialogue on sustainability and traceability of the beef and leather value chains.”

The dialogue virtually gathered more than 40 relevant actors representing institutions from Brazil and the European Union in the various sectors linked to these chains, such as the public sector, producers, exporters and distributors, civil society organizations and universities among others.

The Dialogue aimed to understand the challenges related to existing traceability tools and how they contribute to improving sustainability in the Brazilian leather and beef value chains. The Dialogue focused on the available traceability solutions, understanding their strengths and weaknesses. It also discussed actions to facilitate the implementation of these tools to improve the production process by promoting greater profitability, transparency, compliance with social and environmental criteria, and reducing deforestation.

## 2. MAIN CONCLUSIONS

Stakeholders coincided on the importance of traceability systems (TSs) for sanitary and health purposes. A survey conducted among participants underlined that within the scope of traceability, the possibility of monitoring animal health, food safety, and social and environmental aspects is the main reason to implement the system. Traceability experts from Brazil, Uruguay, and Europe also argued that TS promotes the chain's transparency and generates prompt responses to adverse issues, improving the overall risk management and resiliency of the chain. Moreover, experts strongly agreed on the crucial role of TS in implementing sustainability in the chain, i.e., promoting socio environmentally standards and good practices.

Participants coincided that proper traceability systems are essential for trade as they consent to comply with demanding international market requirements. A reliable and efficient traceability system also improves the quality of the product, generating trade opportunities, especially in premium market segments. Yet, considering traceability only a tool for export would be a mistake; indeed, the domestic market (and consumers) could also benefit from a well-developed traceability system. Moreover, it is also a powerful instrument to know the local territory.



Developing a unique national system for such a vast territory as Brazil is challenging, although not impossible. An IPAM research study, carried out within this initiative and presented during the dialogue, mapped twelve different traceability systems developed in Brazil, highlighting the strength and pitfalls of each one. The discussion underlined that such a heterogeneous traceability environment would require national coordination in harmonizing standards and requirements. It would also require joint efforts from the public and private sectors and a shared intent among players. Within the public sector, better coordination among central government and states is desirable for scaling up existing pilot projects that have proved effective at the state level. As a result, public policies should discourage states from gaining more market share through a less transparent chain.

A survey carried out during the event emphasized the lack of infrastructure (e.g., mobile phone networks in rural areas), the absence of financial incentives, and the need for technical assistance as the main obstacles for medium and small farmers to participate in traceability systems. Still, solutions are available. Empirical evidence suggests those farmers who received technical assistance were able to raise productivity and adopt better practices. Also, GPS systems are an essential factor in overcoming connectivity problems caused by the lack of telecommunication infrastructures as they allow to upload information without requiring a stable connection to the internet.

Actors also suggested that for developing a proper tool, the traceability system should be simple and perceived as an added value by government and companies – something that is not always easy to achieve. Reliable data and a proper protection right for information and data are complementary elements for TSs. Indeed, the survey conducted during the event underlined integrity, accuracy, and confidentiality of the information transferred as the main characteristics that a traceability system for the beef and leather value chain should have.

The dialogue focuses on research opportunities as well. Actors mentioned that matching currently available data from CAR and GTA allows overcoming the often-cited problem of indirect producer traceability. Yet, the accessibility to these data has decreased in recent years, a growing concern among chain researchers.

Finally, several stakeholders suggested that traceability is only part of the rather complex process of promoting sustainable practices in the beef and leather chains. Behind it, a set of clear rules – and a proper enforcement system - has to be defined. The socio-environmental criteria are to be thought along with the traceability system itself. In this sense, a significant challenge is coordinating and harmonizing definitions among states, countries, and importers.

### 3. BLOCK DISCUSSIONS

#### ***Block 1. Overview and state of the art of existing traceability initiatives for the beef and leather chain***

The block presented bovine traceability systems in Brazil, Uruguay, and Europe.

For Brazil, an IPAM study conducted as part of this initiative mapped twelve traceability initiatives. These initiatives were developed in recent years and with the exception of SISBOV, all of them are post-2017. Mato Grosso and Pará are the States that have the largest number of traceability tools and programs available - but not all initiatives disclose their areas of coverage. GTA, CAR, and Invoices (NFs) are among



the documents required by most of the traceability initiatives mapped. The study found that there are initiatives explicitly aimed at indirect suppliers, indicating advances in the discussion. However, such a heterogeneous environment presents some challenges. For example, information is not readily available, as websites and online platforms lack objective details about operation, scope, objectives, technologies employed among others that guide traceability initiatives.

The study also highlights the challenge of disseminating the traceability measures employed to consumers. In addition, localized initiatives need scale and continuity to be effective, which has not yet been achieved. Finally, an important policy recommendation would be to expand the role of SISBOV in voluntary traceability arrangements. The bovine traceability system in Uruguay has been developed over 50 years, evolving from a collective traceability system to one of individual animal traceability. The system, produced in response to the need to guarantee high sanitary standards that allow access to "premium" markets, is mandatory for all producers and has been articulated with all the actors in the chain. The system is free of charge, despite the size of the producer; the monitoring devices are distributed free of charge to all producers. Uruguayan traceability benefits from the country's widespread connectivity but also ensures manual data collection modalities to guarantee that all actors are included in the sample. Such an effective system resulted from a strong political will and the ability of the public sector to collaborate with the private sector. The latter has been particularly possible through a hybrid and innovative institution such as INAC - National Meat Institute - which includes government members, the unions, and large private producers in its most strategic bodies. Thus, the beef chain benefitted from an efficient and advanced TS. However, it is important to mention that Uruguay is a much smaller country than Brazil, with an area that is 2.1% of Brazil, and a much smaller cattle herd (5.1% of the herd), but even so the initiative shows the importance of strong political will and coordination between the public and private sectors.

In Europe, traceability was introduced over 30 years ago to avoid sanitary and health issues. It has two primary purposes, the health of animals and people. The system works through compulsory registration of all farmers, individual registration of animals from birth, animal passport, and registration of any movement, allowing for the localization and tracing of animals for veterinary purposes. The main benefits of the EU traceability system are the fight against any event for animal health and the prevention of outbreaks. As it was for Uruguay, the TS is compulsory and traces back product from the animal's birth through a bovine passport. The main challenge in implementing this system was the approval among the 27 member states. Nowadays, the European TS traces movements within and in-between member states. It consists of compulsory rules, legislation, implementing regulations, and official controls.

Finally, the debate among stakeholders also revealed that existing official livestock traceability systems, including the one of the EU, are conceived to convey traceability information only along the food chain, but by-products do not enjoy the same treatment. Hides & skins lose their identity at the slaughterhouse and transfers of animal data onto the hides or skins is very rare.

***Block 2. Challenges to promote traceability, particularly concerning socio- environmental criteria, and the benefits it can generate for the actors in the chain***

Traceability is valid only if applied to the whole chain, as all players can benefit from it and are pushed to improve management. The possibility to cross databases is fundamental to go beyond slaughterhouses and monitor all the chains; however, this is somehow challenging. For instance, some limitation comes from the GTA system, which is national, but managed at the state level.



Legal concerns were also discussed. During the dialogue emerged the necessity to protect both socio-environmental and personal rights. The data protection law is as vital as the right to land ownership; the government should focus on both issues to convince producers of the TSs potential.

Using a GPS, TS can overcome the problem created by the lack of infrastructure and access to the internet in rural areas. The European Galileo GPS was mentioned as an example that provides information using a simple cell phone with no need of mobile coverage. Uploading the information periodically - for instance, only on the few occasions rural farmers have access to the mobile network

- guarantee the accomplishment of three crucial elements for traceability, namely: i) identifying the product (through barcode, number, or a unique identifier); ii) identifying where the product is; iii) knowing at what time the product is there.

***Block 2. Discussion of how to improve traceability initiatives that contribute to the sustainability of the beef and leather value chain***

Discussants stressed the role of public policy in scaling up pilot projects and developing a national system. But this will require financial support, too, in particular, to increase connectivity.

Interoperability of the existing platforms is also an issue: systems should be able to talk to each other while ensuring the reliability of the information.

Looking forward, restoring accessibility of GTA data and connection to CAR has also been mentioned as an issue to address. For instance, Brazil has valuable data that could be used for national cross-checking exercises by combining datasets on animal movement records, sanitary, slaughterhouses, and imports from anywhere in the world.

The dialogue recognized the experience of the Selo Verde in Parà as a leading example. Yet, it was also added that traceability is not the one-fits-all solution for the sustainability of the beef and value chains. Several stakeholders pointed out the necessity of implementing clear rules and a proper enforcement system. In this sense, the harmonization of socio-environmental criteria among Brazilian states and importers could be an effective policy to implement along with the traceability system itself.

Throughout the dialogue, experts suggested municipalities and states must work together, under the coordination of the federal government, to scale up pilot projects at the national level. But it is not only a matter of public policy. Meatpackers should increase the effort in monitoring indirect suppliers. A sensibilization campaign for Brazilian consumers may also help improve their concerns about environmental issues, ultimately expanding the chain's pressure to be sustainable.