

Can Peru stop 'ethical chocolate' from destroying the Amazon?

NGOs allege illegal deforestation of primary rainforest to plant cacao and oil palm

David Hill

Saturday 18 April 2015 00.38 BST

Cattle-ranching, logging, mining, highways, hydroelectric dam projects, oil and gas, soy, oil palm. . . These are what first come to mind to many people when thinking about how the Amazon is being destroyed, but what about chocolate too?

NGO Environmental Investigation Agency (EIA) released a report on 7 April mainly about monoculture oil palm plantations, which it describes as a “major new threat to Peruvian forests.” The report, *Deforestation by Definition*, focuses on the Romero Group, Peru’s “largest economic actor”, and what it calls the “Melka Group”, a network of 25 companies recently established in Peru and controlled by businessman Dennis Melka, a major player in the destructive oil palm industry in Malaysia.

According to EIA, two “Melka Group” companies have illegally deforested an estimated “nearly 7,000 hectares” of mainly primary rainforest in Peru over the last three years, and others have acquired at least 456 “rural properties” and requested the government set aside another 96,192 hectares.

The “nearly 7,000 hectares” consist of two plantations, at Tamshiyacu in northern Peru and Nueva Requena in south-east Peru, operated by Cacao del Peru Norte and Plantaciones de Ucayali respectively. EIA states that both the Ministry of Environment (MINAM) and Ministry of Agriculture and Irrigation (MINAGRI) have taken legal action in an attempt to suspend operations at both plantations, that one regional government has issued fines of approximately US\$650,000 for “violations”, that there are currently 14 “open legal investigations related to both companies”, and that the Minister of Agriculture and Irrigation told a Congressional commission in October that neither company had permission to deforest, which means that neither company had permission to sell the “more than 20,000 truckloads” of timber that EIA estimates has been extracted from both areas. According to the report:

Despite claims to investors, the Melka Group has repeatedly failed to abide by Peruvian environmental management laws and policies. . . In Tamshiyacu, Cacao del Peru Norte SAC began clearing forested land in June 2013 without submitting any of the required documents or obtaining any of the approvals necessary to carry out this deforestation. . . In his presentation to the Peruvian Congress, Minister [of Agriculture and Irrigation] Benites noted that regarding the deforestation after November 2012, the company did not even fulfil the requirements in the first step.

EIA's report followed a press statement - and photos taken on 13 March - released last month by Peruvian NGO Sociedad Peruana de Ecodesarrollo (SPDE) alleging that Cacao del Peru Norte was ignoring MINAGRI's order to stop deforesting, among other things. SPDE also alleged that the company has effectively been destroying soil samples despite being asked by the Ministry to provide some within a 90 day period, and that the timber extracted from Tamshiyacu "has been, and continues to be, sold without any type of authorization."

According to OjoPublico, a Peruvian journalism news site, the week before EIA released its report a regional court ruled in favour of Cacao del Peru Norte and rejected a MINAGRI report asserting that the company needed to obtain permission to deforest but didn't get it. SPDE's Lucila Pautrat told the Guardian that the court's ruling was regarding MINAM's August 2014 attempt to suspend operations at Tamshiyacu, and MINAM, asserts OjoPublico, will now appeal this ruling in the Supreme Court. "In no moment" did Cacao del Peru Norte obtain permission to deforest and sell the timber, Pautrat says.

Although EIA's report emphasises the threats posed by oil palm, it is clear that the deforestation at Tamshiyacu is about cacao, as the name Cacao del Peru Norte suggests, even though the company's official "aim" is registered as oil palm. As EIA acknowledges, the purpose of the October Congressional commission session was to investigate "the alleged irregular logging and massive deforestation in the area of Tamshiyacu. . . in order to benefit a private company for the plantation of cacao and other products." Indeed, EIA estimates that more than 2,000 hectares have been cleared at Tamshiyacu by Cacao del Peru Norte, and lists a further seven "Melka Group" companies in Peru whose "aim" is cacao.

Cacao del Peru Norte is owned by United Cacao, which floated on the London Stock Exchange's Alternative Investment Market (AIM) in December, apparently making it the "only publicly listed pure-play cacao producer globally", and whose Executive Chairman and CEO is Dennis Melka. According to United Cacao's website, it had hoped to plant 500 hectares of cacao by the end of 2014 and 2,000 hectares by the end of 2015 at its plantation "near the city of Iquitos in northern Peru" at what it calls, erroneously and preposterously, "the headwaters of the Amazon river", i.e. Tamshiyacu. A visit by MINAM in November confirmed the intention to plant cacao - at least four different varieties - although it reported that "only a small portion" of the plantation was being used and "most (90%) of the deforested land is empty."

It's essential to highlight that United Cacao bills itself a leading ethical producer, both in labour and environmental terms. Its website claims it is setting "the global labour standard for large-scale, ethically produced cacao", and, to mark the start of AIM trading, quotes Melka referring to "our sustainable and ethical planting strategy on our freehold estates in Peru."

Those claims were echoed by the Mail on Sunday in December reporting the AIM float and stating the company is "determined to produce cocoa in accordance with the highest ethical and environmental standards." However, leaving aside all the myriad claims of irregularities and illegalities, the fact is a United Cacao subsidiary is credibly accused of clearing a huge swathe of primary Peruvian rainforest. That is asserted by both EIA and SPDE, as well as other scientists, and would be neither "ethical", nor "environmental",

nor “sustainable.”

The Telegraph also reported United Cacao’s AIM float, recycling the preposterous claim that the plantation is in the Amazon’s “headwaters” and quoting Melka saying the cacao industry “really hasn’t changed in 100 years” and rests “on the back of three very fragile African countries.” “We want to drive change into this very sleepy industry,” Melka is reported to have said.

According to The Telegraph, “on its pre-flotation roadshow to woo potential investors” United Cacao “handed out chocolate bars with an unusual list of ingredients - “freehold land, investment grade country, excellent growing conditions, proven management and tax free zone” - and a caution on the front that read, “Warning: may cause investor excitement”.” Perhaps that list of ingredients should have included “devastated primary rainforest” and “ongoing legal investigations”, and the caution should have read “Warning: will impact forest microclimates, will fragment habitats, will reduce biodiversity, will generate carbon emissions, may contaminate surface water and groundwater, may contaminate, erode and compact soil, may contribute to climate change, and will cause considerable public - both Peruvian and international - outrage.”

Julia Urrunaga, the director of EIA’s Peru Programs, told the Guardian there has been no official government response to their report yet, and no indication that operations at Tamshiyacu have stopped.

“We started monitoring Tamshiyacu since it was announced as palm oil and the company was registered as palm oil, but it seems that in the end they decided to move onto cacao,” Urrunaga says. “It’s almost irrelevant what monoculture is planted. The issue is the deforestation for large scale monoculture plantations.”

According to EIA, in addition to the areas obtained or requested by “Melka Group” companies, the Romero Group has acquired 22,500 hectares of primary rainforest for palm oil and has requested another 34,000 hectares of public land be allocated. In total, Peru has said it could “dedicate” at least 1.5 million hectares for oil palm.

As a previous Guardian article acknowledged, in an interview with Directors Talk Interviews Melka “implied his company had not deforested in Peru.” “By the time the plantation companies actually get to the land, that land has been logged and clearcut of all tropical hardwoods. It’s simply not rainforest,” Melka said.

United Cacao’s PR representatives Tavistock did not respond to questions.

More news

Topics

Amazon rainforest

Deforestation

Peru

Save for later Article saved

Reuse this content