

John Deere and Brazilian Bank Team Up to Equip Farmers Deforesting the Amazon

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Region: [Latin America & Caribbean](#)
Theme: [Environment](#)

Global Research, February 15, 2022

[Mongabay](#) 14 February 2022

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Farmers in Brazil with a history of deforesting the Amazon have somehow been allowed to receive government-subsidized loans to buy tractors and other equipment to use on their blacklisted farms, an investigation has found. The loans were granted by the Brazilian Development Bank (BNDES), through [a program aimed at fostering agriculture and livestock](#). The program is run by John Deere Bank, through which the farmers can buy equipment from the manufacturer of the same name.

In all, BNDES and John Deere granted 28.6 million reais (\$5.4 million) in loans to five farmers who had embargoes issued against them for deforestation by IBAMA, Brazil’s federal environmental protection agency. A [resolution by Brazil’s Central Bank](#) bars embargoed farms in the Amazon from accessing credit, but a loophole allows their owners to obtain loans for other farms. This opens the way for [maneuvering by so-called ruralists](#), who declare that the equipment will be used in a legal location, but then use it on lands where it would be banned by IBAMA.

An investigation by Repórter Brasil shows that, in some cases, the farmers don’t even bother using this subterfuge; in these cases, the loans are approved in municipalities where the applicant has only one property, which happens to be embargoed.



A loophole in Central Bank regulations allows environmental violators to purchase John Deere tractors and other farm equipment. Image by Victor Moriyama/Greenpeace.

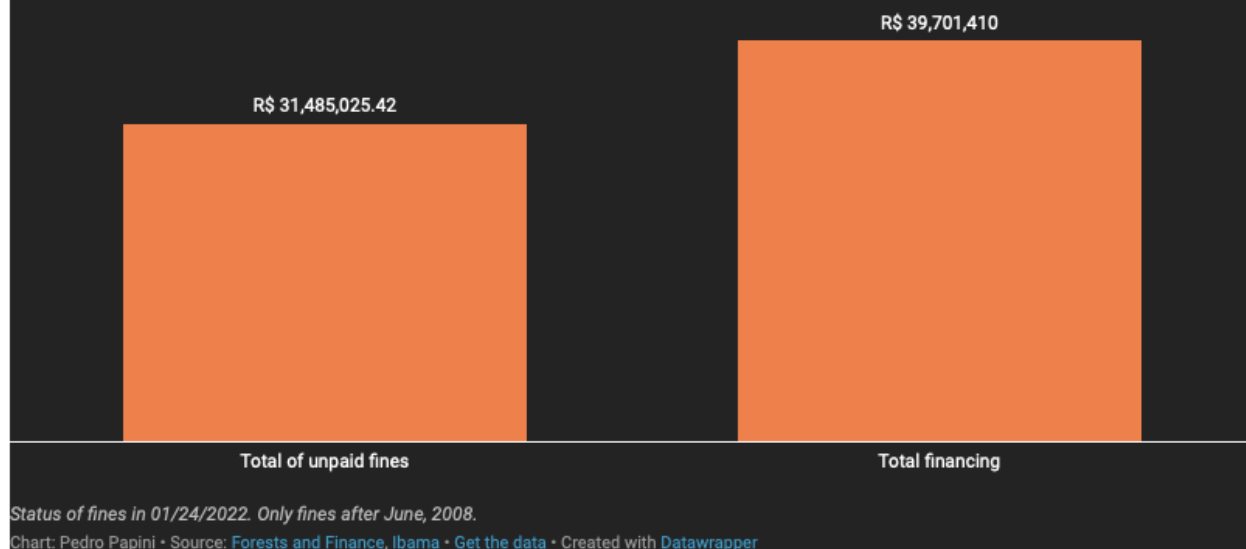
Repórter Brasil developed a map of the properties in question, based on the [Forests and Finance](#) data platform, which also shows loans given to producers who had failed to pay fines for environmental violations. In all, 11 farmers who bought John Deere machines under the loan program owe 31.4 million reais (\$6 million) in unpaid environmental fines. The total amount of BNDES loans issued — 39.7 million reais (\$7.6 million) — could have paid for these fines.

“That’s taxpayers’ money for agribusinesses that are deforesting,” Philip Fearnside, a scientist at the National Institute for Amazonian Research (INPA) and member of the U.N. Intergovernmental Panel on Climate Change (IPCC) when it won the 2007 [Nobel Peace Prize](#).

“In addition to paying interest rates that are much lower than any other loan, producers can have their debts pardoned in cases such as pest attacks, droughts or any problem that harms their harvest,” Fearnside said. “It is a risk that should fall on soy farmers, but the public treasury ends up paying for it.”

Unpaid fines for deforestation vs. loans

Eleven benefited deforesters are still in debt with Ibama, totalling more than R\$ 31 million. They received more than R\$ 39 million in financing from BNDES and John Deere.



The loans investigated in this article were of the “automatic indirect” type, in which BNDES provides the money but the contract is signed with another financial institution. That way, the state-owned bank can reduce its exposure to risks and default.

In response to questions from Repórter Brasil, BNDES said it requires borrowers to “sign statements attesting to the absence of environmental violations prior to entering into any contract.” It also said the responsibility for verifying “compliance with such requirements” belongs to the partner bank, in this case John Deere Bank, a Luxembourg-based entity that’s wholly owned by John Deere. On its website, however, BNDES [admits its responsibility for approving the loans](#): “Step 4: BNDES assesses the request, verifies whether it complies with the rules and, if so, authorizes the loan.”

John Deere said in a response that it “strictly complies” with the rules for granting loans, “with careful assessment of the area that will benefit from a given product.” Read the [full statements here](#).

System flaws and lack of transparency

Repórter Brasil was unable to verify the legality of the loans granted by BNDES to deforesters and channeled through John Deere Bank. BNDES declined to provide the Rural Environmental Register (CAR) number used to apply for the loans, which makes it impossible to know whether they complied with the Central Bank resolution. The request for the CAR numbers, which are associated with individual properties, was based on Brazilian legislation ensuring the right to access information produced by federal agencies. BNDES said it was nonetheless “unable to provide them.” Read the [full statement here](#).

Despite the refusal, three cases stand out in which loans were granted for properties in the same Amazonian municipalities where the recipients have embargoed farms — a strong indication that the rules may have been ignored. A previous investigation by Repórter Brasil has already shown that BNDES failed to comply with its own rules when issuing loans to [meatpackers caught buying cattle raised in deforested areas](#) or to farms that use slave labor.

Beneficiaries of BNDES loans that have embargoed areas in the Amazon

Name	Total financed	Destiny of the financing	Embargoes
Alexandra Aparecida Perinoto	R\$ 11,363,500	Cláudia/MT and Marcelândia/MT	Cláudia/MT and Marcelândia/MT
Antonio Domingos Debastiani	R\$ 10,943,424	Feliz Natal/MT	Feliz Natal/MT
Antonio Ori Toqueto	R\$ 1,349,443	Lucas do Rio Verde/MT	Terra Nova do Norte/MT
Milton Casari	R\$ 4,718,875	Alta Floresta/MT and Paranaíta/MT	Paranaíta/MT
Rosalino Gallo	R\$ 235,450	Novo Horizonte do Oeste/RO	Alta Floresta D'Oeste/RO

Status of the embargoes in 01/24/2022

Table: Pedro Papini • Source: [Forests and Finance, Ibama](#) • [Get the data](#) • Created with [Datawrapper](#)

Soy farmer Alexandra Perinoto has only one active CAR number, for a property in the municipality of Cláudia, in Mato Grosso state. Between 2016 and 2019, she was granted 4.5 million reais (\$856,000) in BNDES loans to buy John Deere tractors and other equipment for that location. In 2021, [her property was embargoed](#) after authorities found 1.2 million hectares (3 million acres) of [deforestation](#) “of native forest in the Amazon Biome in a Legal Reserve Area, without proper authorization by the relevant environmental agency.”

According to the Central Bank’s rule, “in case of interdiction after the operation is contracted, payment of installments will cease until the complete environmental regularization of the property.” Nevertheless, loans on Perinoto’s behalf are listed as “assets” on the [BNDES Transparency portal](#).

In a statement, the Central Bank said that nothing “prevents the releases from being suspended based on evidence of an irregularity” and that it will “initiate interactions with the financial institution cited in order to investigate the facts reported.”

The Central Bank prohibition is credited with [preventing the devastation](#) of 270,000 hectares (667,000 acres) of forest from 2008-2011 alone, according to an estimate by the Climate Policy Initiative. “This rule is one of the only things that had consequences for illegal deforestation, because fines are rarely paid,” Fearnside said. But Perinoto’s case seems to have gone unnoticed.

“Banks are responsible for monitoring and inspecting rural credit operations, enforcing laws or any regulations applicable to land use and economic activities,” the Central Bank said in a response that [can be read in full here](#).



Alexandra Perinoto, a farmer known for producing in a deforested area, received 11 million reais (\$2.1 million) in loans to buy John Deere equipment. Image by Victor Moriyama/Greenpeace.

Perinoto has two other embargoed properties in the municipality of Marcelândia, where BNDES also issued loans for the purchase of John Deere equipment. Among the producers investigated in this report, she was fined the highest amount for environmental violations — 18 million reais (\$3.4 million), almost double the 11 million reais (\$2.1 million) in loans that she was granted. She has never paid her fines for environmental violations.

A previous investigation by Repórter Brasil showed how Perinoto, despite the [problematic nature](#) of her operations, managed to sell soy to companies that are signatories to the Soy Moratorium — an industry pact that bans trade in soy produced in areas of the Amazon that were deforested after 2008. Perinoto’s soy buyers include suppliers to some of the world’s biggest trading companies, such as Cargill, Bunge and Cofco. Perinoto is also a defendant in a [pending lawsuit](#) for deforestation in the municipality of Sinop; she’s being investigated in the context of the Amazônia Protege operation carried out by federal prosecutors.

Repórter Brasil attempted unsuccessfully to contact Perinoto for her views on the allegations. In May 2021, she declined to answer questions. “I have nothing to declare. You’ll have to prove whatever you publish,” she said at the time.

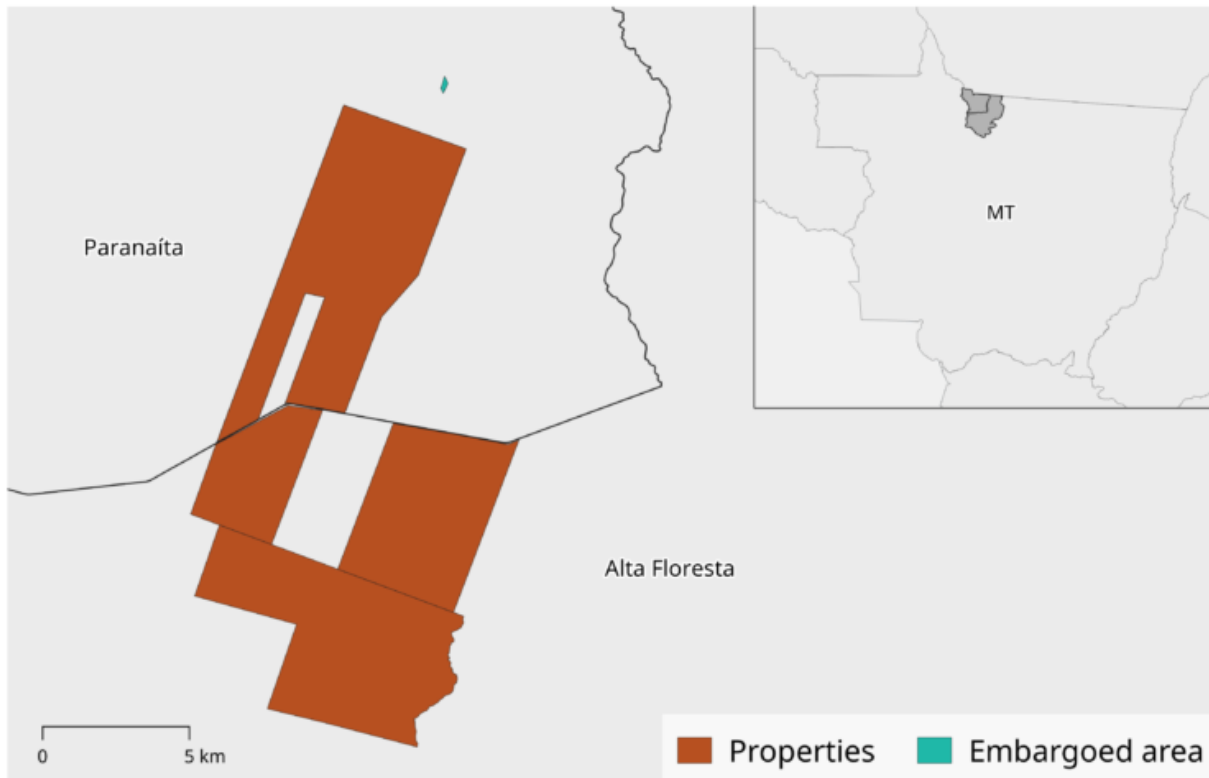
‘IBAMA is wrong’

Another farmer with just a single CAR-registered and IBAMA-embargoed property in a municipality where he was approved for a loan is Milton Casari. Between 2018 and 2020, he was granted almost 1 million reais (\$190,000) to buy John Deere equipment in Paranaíta, Mato Grosso — the same municipality where his farm has been [embargoed by IBAMA](#) since 2012.

The geographic coordinates of the embargo don’t correspond to Casari’s land, although the interdiction was issued against his name. The embargoed area is located about 1.5

kilometers, less than a mile, from his property, according to the boundaries he self-declared to the National System of the Rural Environmental Register (SICAR).

Milton Casari's properties and embargoed area



In a statement to Repórter Brasil (read [full text here](#)), Casari said he used to lease the area from a neighbor to raise cattle but was not responsible for the illegal deforestation. In his administrative appeal to get the embargo reversed, “the environmental agent’s conclusion about the destruction was based on false reports” from people interested in the land, Casari said. He also characterized IBAMA’s description of the violation as “inaccurate.” “I don’t have any area under interdiction. There is a court decision saying that IBAMA is wrong,” he said.

Casari also received another 3.8 million reais (\$723,000) in loans in neighboring Alta Floresta municipality. While the two properties lie in different municipalities, they adjoin each other on the border between Alta Floresta and Paranaíta. That would make it easy to use the John Deere equipment on both properties and even within the embargoed area.

Deforesting a protected area

The second-largest debtor of environmental fines who benefited from the BNDES loans to buy John Deere equipment was Adão Ferreira Sobrinho, who still owes almost 7 million reais (\$1.3 million) in unpaid environmental fines. Unlike the other farmers identified in this investigation, he didn’t deforest the Amazon, and therefore the Central Bank’s rule barring him from accessing credit wouldn’t apply to him. John Deere, however, said that “the veto [of financing from its bank] to embargoed areas is applied regardless of the region and/or Biome where it is located.”

Beneficiaries of financing still in debt with Ibama

Name	Total financing	Unpaid fines
Alexandra Aparecida Perinoto	R\$ 11,363,500	R\$ 18,415,000
Adao Ferreira Sobrinho	R\$ 293,250	R\$ 6,913,025
Antonio Domingos Debastiani	R\$ 10,943,424	R\$ 3,330,500
Gilson Osmar Denardin	R\$ 1,591,200	R\$ 2,009,000
Sandro Luiz Grespan	R\$ 1,133,750	R\$ 211,500
Antonio Ori Toqueto	R\$ 1,349,443	R\$ 190,000
Milton Casari	R\$ 4,718,875	R\$ 187,000
Darci Heemann	R\$ 714,000	R\$ 100,000
Gustavo Vigano Piccoli	R\$ 3,463,750	R\$ 100,000
Nilson Brongnoli	R\$ 3,990,648	R\$ 18,000
Carlindo Caprini Junior	R\$ 139,570	R\$ 11,000

Status of fines in 01/24/2022. Only fines after June, 2008.
 Table: Pedro Papini • Source: [Forests and Finance, Ibama](#) • [Get the data](#) • Created with [Datawrapper](#)

Sobrinho has [six interdictions against his name](#) for properties in different municipalities for which he obtained loans. He's responsible for deforesting 2,000 hectares (4,900 acres) of native vegetation in the Cerrado savanna biome, including 192 hectares (474 acres) inside [Nascentes do Rio Parnaíba Park](#), an ostensibly protected area. The park lies in the border of region of the states of Mato Grosso, Tocantins, Piauí and Bahia, known by the acronym Matopiba and considered Brazil's [new agricultural frontier](#).

In 2020, Sobrinho was [sentenced to two years in prison](#) for environmental violations, but this was later waived for a fine and community services. Despite that, he went on to receive new loans from BNDES. Then he repeated the violations and was fined four more times, adding another 1.7 million reais (\$323,000) to his debt to the state for [clearing another 457 hectares](#) of native forest in the Cerrado.

Sobrinho said in a statement that he doesn't recognize the conviction: "IBAMA issued notices of violation but they are not valid, so I presented an administrative defense and a court defense." He also said that "the property benefiting from the loan is located more than a thousand kilometers away from those to which the notices of violation were issued." Read his [full response here](#).

Brazilian market is crucial for John Deere

Brazil's favorable agrarian credit policies reflect the importance of agribusiness to the country's economy; in 2020, the industry accounted for [26.6% of Brazil's GDP](#). This also makes the country the [second-biggest market](#) (after its native U.S.) for John Deere, the [world's leading](#) agricultural equipment manufacturer.

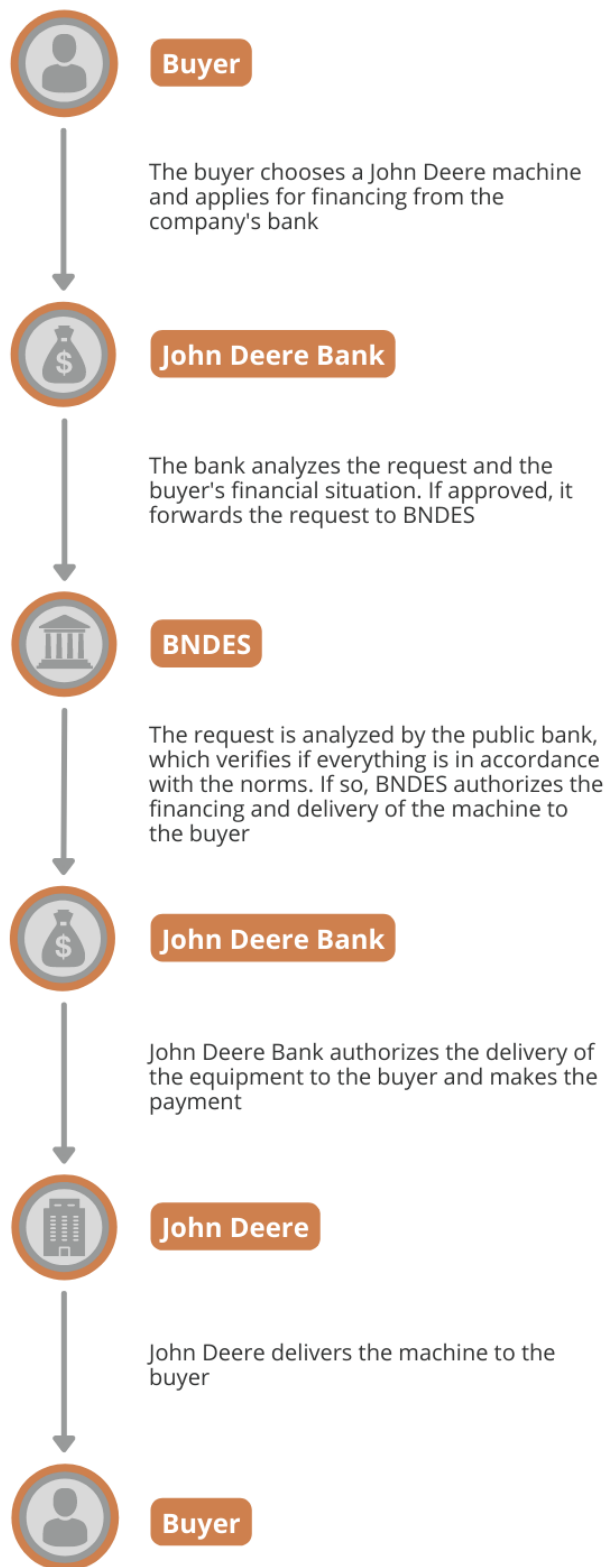
The nearly [two-century-old](#) company's investors include Microsoft founder Bill Gates, who [owns 9.3% of its shares](#). Investment management firm BlackRock, which in 2020 announced

its withdrawal from [environmentally damaging investments](#), also holds a stake in John Deere.

Most Brazilian contracts for agricultural machinery purchase in Brazil, [about 65%](#), are subsidized by BNDES; effectively, they're underwritten with public money. According to the [BNDES ranking](#), in the past decade, John Deere Bank was the third-largest lender under its Safra Plan, used mainly to finance equipment purchase and replacement programs.

How financing of John Deere machines through BNDES works

Follow the steps that allow a buyer to obtain public financing to purchase John Deere machines



Source: BNDES | Infographic: Pedro Papini

However, granting loans to known environmental offenders goes against efforts to curb global warming in Brazil, where deforestation is the [main driver of carbon dioxide emissions](#), according to the latest IPCC report. It also contradicts the principles espoused by the

president of John Deere in Brazil, Paulo Herrmann, who advocates “[locking up the illegals](#)” who burn the forest. Herrmann has said that agribusiness can grow “without deforesting anything.”

Granting loans under these conditions also violates the slogan featured on the BNDES website, which bills the institution as the “[national sustainable development bank](#).”

Technology doesn't prevent deforestation



John Deere knows down to the inch where its machines are at all times, but hasn't stopped them from being used in deforested areas. Image courtesy of John Deere.

The machines financed by Brazilian taxpayers for deforesters aren't simple tractors. They feature state-of-the-art technology, as explained by scientist and sociologist Arilson Favareto, head of sustainability at the Brazilian Center of Analysis and Planning (CEBRAP) and a researcher in sustainable food systems at the University of São Paulo.

“There is a technological revolution underway with the increase in computerization — that's Agriculture 4.0,” Favareto said, referring to tractors equipped with GPS, automated harvesters, and pesticide-spraying drones.

John Deere doesn't downplay its technological prowess in the field. “Today we know where a machine is with 2-centimeter [less than 1 inch] precision,” Herrmann said [in an interview with Forbes magazine](#). But that tracking capability hasn't stopped the company from selling its equipment to farmers who have a history of environmental crimes.

“Mechanization causes severe environmental impacts because it enables advances in deforestation and production in large areas, so the soil is increasingly destroyed,” said Adriana Charoux, a strategist at Greenpeace Brazil and leader of the NGO's agriculture and food team.

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This story was first published in Portuguese on [Repórter Brasil](#).

Featured image: Tractors in a soy plantation in Bahia state, in the Brazilian Cerrado. Image by Victor Moriyama/Greenpeace.

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