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Contact: Ryan Carey (202) 224-4515

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Wyden Hearing Statement on Cattle Supply Chains, Amazon Deforestation

As Prepared for Delivery

The Finance Committee has broad jurisdiction over trade, a keen interest in fighting for strong environmental protections, and a commitment to leveling the playing field for American workers, farmers, ranchers and businesses.

Today's hearing is focused on a multinational meat producer turning a blind eye as parts of its supply chain burn down the Amazon, push the world toward climate catastrophe, and undercut American ranchers who play by the rules on international trade.

This issue has been the focus of a two-year investigation by this committee. Deforestation in the Amazon is a recipe for environmental disaster. When you burn the Amazon, you burn the lungs of the Earth.

Huge portions of the Amazon have been clear cut and burned to create ranch land. The Brazilian government, foreign governments including ours, and international groups working on anti-corruption and environmental protection have tried to stop it. Yet the rate of deforestation is at a recent high, and cattle produced as a direct result of deforestation are still making it into global supply chains. Among those major beef producers sourcing that cattle is JBS, the largest meat supplier in the world by sales.

Going back years, JBS has made promises that it would clean up its act when it comes to deforestation. Most recently, it said it would eliminate cattle involved in deforestation from its supply chain by 2025.

The reality is, JBS is nowhere near meeting this commitment. Not even JBS's direct suppliers are totally clean. But the bigger scheme is the cattle ranching shell game that goes on throughout JBS's supply chain.

It's what's known as cattle laundering. Here's how it works. While JBS looks the other way, ranchers take cattle born and raised on illegally deforested land and ship them to ranches with clean records. Suddenly those cattle are no longer considered the product of illegal deforestation. Upon buying and processing that cattle, JBS can claim they're upholding their commitment to protect the Amazon. That beef might even wind up on a 4th of July picnic table somewhere here in the United States.

This process allows JBS to “green-wash” its reputation and hide its role in the burning of the Amazon. American ranchers are forced to compete in a rigged game against a corporate giant that gets away with flouting the rules. Independent investigations of just a sliver of JBS’s supply chain have found that JBS purchased thousands of head of cattle that had been laundered in this manner between 2018 and 2020 alone.

For its part, JBS has taken steps to hide the truth. JBS hired an auditor to monitor its compliance with a 2009 environmental agreement. When the auditor clarified that its assessment focused only on JBS’s direct purchases -- not its overall supply chain -- JBS misrepresented the results of its work. Then JBS found a different auditor.

The Finance Committee wrote to JBS and the auditor asking for key records and information, but the company largely stonewalled. Upon further questioning, JBS said it was impossible to monitor its indirect suppliers.

However, outside investigators that lack JBS’s considerable resources were able to analyze records that proved the existence of deforestation in the company’s supply chain.

One of the most important tools for tracking the origin of cattle is a type of cattle shipment record maintained by the Brazilian government called a Guide of Animal Transport, more commonly known as GTAs. They’re essential for independent investigation of Brazil’s ranching industry.

Recently the Brazilian government has restricted public access to GTAs. That needs to change. The U.S. government, and particularly the U.S. Trade Representative, must work to open those records back up.

Furthermore, members on both sides have an interest in passing legislation to make sure American ranchers are getting a fair shake. In February, together with Senator Tester, Senator Grassley and Senator Fischer, I reintroduced the Cattle Price Discovery and Transparency Act.

In an industry where it’s far too easy for the big producers to push around the little guys, our bill is all about leveling the playing field for family farmers and ranchers in Oregon and around the country.

It would bring some much needed transparency and accountability to the cattle market in the U.S. Beyond that, this committee will also be writing legislation to modernize and improve our customs system. I’m going to be pushing for better data collection and information sharing that’ll shine sunlight on U.S. supply chains and what’s coming across our border.

So there’s a lot for the committee to discuss today. I want to thank our witnesses for joining us, and I look forward to Q&A.

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