



## INNOVATIONS FOR SUCCESSFUL SOCIETIES

AN INITIATIVE OF  
THE WOODROW WILSON SCHOOL OF  
PUBLIC AND INTERNATIONAL AFFAIRS

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Series: Certification

Interview no.: A16

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Interviewer: Blair Cameron

Date of Interview: 24 August 2016

Location: Brazil

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CAMERON: This is Blair Cameron for Innovations for Successful Societies. I'm in Piracicaba in Brazil. It is Thursday, August 25<sup>th</sup> and I am here with Luis Fernando Guedes Pinto. Thank you very much for this interview.

PINTO: *Welcome.*

CAMERON: Just to begin, can you tell me a bit about your personal background: what your background is, what jobs you had leading up to coming to Imaflora (The Institute of Agricultural and Forest Management and Certification), and what positions you've had here at Imaflora?

PINTO: *I am an agronomist. I graduated in 1993 here at the University of São Paulo. I have a Ph.D. in crop sciences. I graduated in 2003 working with agroforestry. I joined Imaflora the first time in 1996. Imaflora was founded in 1995, so just one year after. I came here to start Imaflora's agriculture program. Before that, Imaflora only had a forestry program working basically for forest certification, FSC (Forest Stewardship Council), and I came here to start the idea of having agriculture certification in Brazil.*

*I acted as executive director of Imaflora from 2005 to 2010. I am presently manager of agriculture certification responsible for the SAN (Sustainable Agriculture Network) certification in Brazil. I'm also responsible for some research activities we have here and partnerships with university and research institutions in Brazil and internationally and also contribute to our public policies program.*

CAMERON: Can we go back to 1996 for a moment, and can you talk to me about why it was necessary to start an agricultural certification program, and what were—how did that begin? Just a little bit of the beginning.

PINTO: *Imaflora's core mission is really forest conservation, about protecting forests and the people who live inside or around forests: indigenous people, companies, and entrepreneurs working with forest workers. So we started in 1995 pretty much influenced by two things: the Earth Summit in Rio in 1992 and the creation of FSC (Forest Stewardship Council) in 1993. These were the two things that we did that influenced the creation of Imaflora. But it became obvious just after our foundation that if we want to work in forest conservation it is essential to work with agriculture as well, especially in Brazil. Every forest is surrounded by agriculture or the expansion of agriculture has an impact in forest expansion. Deforestation has a lot to do with agriculture.*

CAMERON: Right.

PINTO: *So it was necessary to have an intervention on agriculture and the understanding that certification, the FSC certification, was an approach to contribute to good forest management, forest conservation, and improvement of livelihoods of people in the forest. The same rationale would be applicable for agriculture. So we should create a certification program for agriculture in Brazil to help to create cases towards stability, to promote changes towards stability.*

*At that moment there was basically an arena of certification of agriculture: the fair trade movement. The flow was already established: organic certification and the [I-fund?]. There was no regulation from countries yet, from governments. There*

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*was a very initial—I would say the nest of the SAN. At that moment, there was the eco case [Indecipherable 00:04:30] that later on in 2000 became the rainforest alliance certified. But at that moment, rainforest alliance had an agriculture certification program that was called ECO-O.K.*

CAMERON: ECO-O.K.?

PINTO: *Yes. For many reasons it had—after—then I participated in the creation of the SAN that was created formally, the first initiative in 2000. It was the CAN, the Conservation Agriculture Network. Then it became the SAN, Sustainable Agriculture Network, but it is a long story. Then Imaflora created an initiative that would try to link or connect with all these international initiatives. It ended up that we were part of the foundation of the SAN.*

*We started with a [Indecipherable 00:05:23] case of which crops should we start. We decided to make a preliminary study and decided to focus on coffee, orange, and sugar cane, because those three are crops with high importance economically, environmentally, and socially and are exported. They are around where we are, basically in that [Indecipherable].*

*Then we decided to start the developments of standards for sugar cane certification. It ran from '96 until '99. Then there is a long story, the creation of the SAN and coffee certification in Brazil, the SAN created and etcetera.*

CAMERON: Okay, so when did the SAN create those first standards, and was Imaflora the first to be implementing them or was it happening globally at the same time?

PINTO: *Some standards—before it's substitory right? I mean Rainforest Alliance used it to have local partners. Rainforest Alliance had a partner in Costa Rica which was Fundacion Ambio, had a partner in Guatemala that is [Indecipherable], that had a partner in Ecuador called CyD, Conservation y Desarrollo. Then each of these organizations together for Rainforest Alliance were creating standards for crops on regional scales. So say they developed the standard for cocoa that was basically [Indecipherable 00:06:56] Ecuador. [Indecipherable] and Ambio happened to develop standards for bananas and coffee, and we were here developing standards for sugar cane.*

*They were different standards, not integrated. The first integration of standards was in 2003 that we had the SAN standard for agriculture. I guess—I don't have this perfectly in my mind. We had a SAN standard for agriculture that unified everything. So it started as independent connected initiatives until the SAN was formalized. It was created—and then we created a single standard for agriculture. It was a step-wise process.*

CAMERON: Okay. When did the idea to create a separate standard for cattle first come about?

PINTO: *Recently in terms of—in 2008, the SAN created, expanded, the standard. Until 2008, it was applied basically to perennial crops. In 2008, there was a revision of the standard that created new criteria—we call it an addendum, and the 2008 version expanded the scope of the SAN for almost any crop in one single standard—not only coffee, banana, cocoa, but we could certify sugar cane,*

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*maize, soy, everything. It was in 2008. At that time, cattle was not possible to be certified. We understood it was out of our scope, something different.*

*Then later on, maybe 2010, I can find you the best dates, we recognized that cattle had a major impact on deforestation.*

CAMERON: So I think July 2010 was when the standards were released, were published, right?

PINTO: *Yes. The process started one and a half years before, more or less. You can interview Oliver Bach from SAN, the policy guy who can give you each step. I can connect you to him if you want. It was [Indecipherable 00:09:30] year of a very good process. All the processes are very well documented. There was huge participation of stakeholders in Brazil and many parts of—. It followed all the ICO requirements which you have heard about.*

CAMERON: Yes. So did that start at the SAN level?

PINTO: *At the SAN level. It was a SAN decision. At that time, there was no country decision. The SAN Board of Directors decided that we should bring cattle to our mission, that cattle were connected to our mission. Then they decided to have a standard that developed. We had a process to develop standards, and then it was published in 2010.*

CAMERON: I was wondering about the timing, because I know it was in 2009 that Greenpeace released their big report about cattle destroying the Amazon and—.

PINTO: *Simultaneously, when cattle came as an issue on deforestation, all the links were made. The SAN then decided, "Well, we have to tackle the situation, and our system has to offer a contribution."*

CAMERON: At that time, what problems did you yourself see here in Brazil in the way the cattle industry operated and the way the cattle supply chains worked?

PINTO: *The main motivation was deforestation; this was definitely the main motivation to have a standard. Emissions were an issue but not as important as it is today, because it was not so well understood at that time. Of course there is conservation of natural resources in a general way—but the driving force was deforestation, definitely. The social issues are always important for the SAN. We have cases of slave labor, child labor of cattle—so the system should tackle all these social/environmental problems, but the key issue was deforestation.*

CAMERON: Why was deforestation such a problem in the cattle industry?

PINTO: *Because it was becoming clearer and clearer in all these studies and their standard is that deforestation dynamics in Brazil that the expansion of the agriculture frontier was—it is difficult to say, to avoid to say the causality, but the fact is that almost—and there are numbers—that most part of the deforested land in the Amazon were pastures. Then they may become rice and soy, etcetera, but the first step after deforestation, after the logging, etcetera, is pasture.*

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*At that moment, there was also the Greenpeace report. Also, there was a case of the IFC (International Finance Corporation) loans to [Indecipherable 00:12:34]. JBS didn't exist at that time. We participated as Imaflora. Many NGOs (nongovernment organizations) participated here, because in the early 2000s, before 2010, there was investment on infrastructure in slaughterhouses in the Amazon.*

*There are studies from the Amazon, from Amigos da Terra. They were showing that the herd, (the cattle), was moving to the Amazon, because the industry was moving to the Amazon. There was a high risk of increased, dramatically increased, deforestation, because the infrastructure was going inside the Amazon. So it was clear that there were necessarily many kinds of interventions to try and tackle deforestation and expansion of pastures and cattle in the Amazon. There were many studies showing this very clearly. Have I answered your question?*

CAMERON: Yes. Can you talk to me about the different incentives for cattle ranchers to clear new land, to have—to increase their herd, and to obtain certification? What are definite incentives?

PINTO: *I think I would like to break it down to two things. There were incentives for farmers, and there were incentives for industries. The driving force was the slaughtering capacity. So there were many incentives from the market and public policies to increase infrastructure for slaughtering in the Amazon. The IFC loan, for [Indecipherable 00:14:12], all the [Indecipherable] money for JBS. There are many economic incentives, subsidies, credit flow, interest rates, etcetera, cheap money, to increase capacity.*

*Then for cattle, for ranchers, they go behind the infrastructure, but I think the main incentive is the lack of enforcement, the illegality. A lot of cattle and pasture is mostly the advances of agriculture from [Indecipherable 00:14:57] is basically land speculation. It is land—it is patrimonial. It is a search for land.*

CAMERON: Colonizing.

PINTO: *For an asset. You put cattle in pasture on this land, because it is the cheapest way to occupy it; it is not to produce beef from the rancher perspective. So this dynamic of deforestation: there is illegal [Indecipherable] and illegal logging. Illegal logging mostly becomes pasture, but it is a cycle, an economic rationale to occupy land and to make money with land. Cattle is a consequence, because it is the cheapest way to make it. So what are the incentives? The lack of enforcement or the illegality is an incentive. The fact that the value changing doesn't penalize this guy is an incentive, because the market is buying timber, buying soy, and buying animals from these lands. It is an incentive—even being illegal.*

CAMERON: Right.

PINTO: *So presently there is no real incentive for cattle ranchers to clean lands. In the past, decades ago, the farmer was [Indecipherable 00:16:28], they were—they had to cut the forest to receive loans. In the past, decades ago, the Brazilian government only would give the title of the land if part of the forest was cut. It is not the situation now. So we cannot say we have [Indecipherable] deforestation.*

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*But all the lack of enforcement, the fact that illegality is not a problem, is an incentive. Is my point clear?*

CAMERON: Yes. Can you talk to me about the enforcement and how that has changed, because I know after 2002, there was a big push for more enforcement? So can you talk to me about how that has changed over time, and where we're at now?

PINTO: *There was a major change with the first Lula (Luiz Inacio Lula da Silva) government and Marina Silva as the Ministry of the Environment where a set of things happened. It also happened, because first, before everything, Brazil increased substantially the monitoring of forest—of deforestation. Everything happened, because we had monitoring of deforestation in Brazil by ENP, officially, and by civil society, mostly by Amazon, because we had a civil society of public system monitoring.*

*So first of all, deforestation became visible on a yearly basis and even shorter times. So this was the key thing that this transparency moved everything. Then deforestation was visible and measurable. The other Presidents—there were a few changes, because they changed the percentage of [Indecipherable 00:18:31] from 80 to 50% in the Amazon, because he was tired of traveling overseas and everywhere he would go in Europe people would ask what is going on in Brazil with deforestation.*

*But it didn't have any real consequence. In the Lula and Marina Silva government, there was a set of policies. They would create a plan to stop deforestation. It was—many conservation units were created, and the municipalities went to this blacklist of embargo.*

CAMERON: Right.

PINTO: *Then it really made major constraints for the economy.*

CAMERON: Has that—I know a big part of that was IBAMA enforcing the—.

PINTO: *There were many policies.*

CAMERON: That's right, during these reigns. Then we have the black list, so the access to credit was cut off for a lot of municipalities, right? Has that continued since that time?

PINTO: *Yes. Then you still have municipalities on this list probably. Many municipalities created programs and policies to get out. Like Paragominas, they really changed the situation. So it still runs. Then there was another major policy which was the situation that the credit for agriculture would not be released if we felt compliance with the forest code. Then it is a long story. At that time, because of that, the forest code was changed.*

CAMERON: Right.

PINTO: *Then this is still in process and has not been enforced yet. So all the other policies have been enforced successfully, and the forest code I would put apart as a policy that is still under implementation. All the decisions have been actually*

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*postponed. We have a new law, but we postponed the CAR for two years. We postponed the credit four more years. They play—their regulations are not implemented.*

CAMERON: So what is your take on that? That is what I sort of wanted to get to: your analysis of that. Is that the government—there being less political will to take this on or is this just a natural process that is going to be slow and take a long time?

PINTO: *I think there was a cut date and cut job for the deforestation plan that things could not step back after that. That set of policies really were kind of permanent. But I think they lost power inside the government. They don't have the same power, the same resources, and the same level of enforcement that was at the government at that time. They have a lower priority. The Dilma (Rousseff) government was really a perspective that we need to—the environment could not be a barrier of constraint for [Indecipherable 00:21:52]. I'd also like to bring that besides all these public policies, we had also some other interventions that were crucial: the soy moratorium—that has nothing to do with government. At the end, the government became a player, but it's really about this smooth stakeholder initiative, private civil society, whatever you call it. This year we are going to celebrate ten years of this [Indecipherable 00:22:24]. That is supposed to be a transitory intervention, not permanent, right?*

*Then for cattle came also the Greenpeace agreement and the agreement with Ministerio Publico, the [indecipherable], major slaughtering companies that had a huge impact as well. These are more permanent. I think they have had the same energy as the public policies that have floated more in terms of priority.*

CAMERON: So the cattle agreement with Greenpeace and the slaughterhouses: what do you make of that? How positive has it been? How could it have been more effective? Where are the holes?

PINTO: *First of all, it is very positive, because one, it created awareness. Secondly, it created accountability. The slaughtering companies assumed accountability. It really had an affect on the value chain, the expansion of the things. The holes are that the companies that are part of the agreement are only a part of the supply of beef. So it doesn't address all the suppliers. There are many slaughtering companies out of the agreement; it is not enough.*

*Another hole is it only addresses the Amazon biome, and the deforestation is too important more in the Cerrado than in the Amazon biome. So these are the two real linkages, things that are not fully addressed by—it is under implementation. We still have to learn how it works, but it was very important.*

CAMERON: The agreement with the Ministerio Publico: they were saying they could prosecute the slaughterhouses that were linked to deforestation, right? Did that have any teeth? Was that effective?

PINTO: *You should have other people about all these other interventions; they know much more than I. It had an impact. It brought more slaughtering companies than the three of the Greenpeace agreements, but I think the public prosecutors are still in the process of checking implementation and have not made decisions of really prosecuting or moving forward in other more formal sanctions or penalties, as far as I know.*

CAMERON: Now I want to turn to the role of certification.

*PINTO: Then I can talk more.*

CAMERON: When the cattle's standard first started being developed, how much of a role did Imaflora have with SAN in creating that standard, and what were your major concerns at that time?

*PINTO: We had different roles. We are part of the International Standard Committee. So the SAN has a body to develop a standard, and we are a member with other people. This is a role. Then we led the public consultations of the drafts of the standard in Brazil. That was the key country for everything. So we made a consultation here. We consulted many stakeholders. We gave a lot of subsidies for the definition of the cattle criteria as we called it. So we had leadership in supporting the SAN in developing the standard basically by consultation with stakeholders.*

CAMERON: And who led—?

*PINTO: Also, few thieves of the standard later on tried to engage with many stakeholders including the market.*

CAMERON: Who led that process here as far as who led the stakeholder engagement, and who was doing the field tests?

*PINTO: The person?*

CAMERON: Yes, the person.

*PINTO: It was me, myself, and Daniella Macedo, a colleague here. There were other colleagues, but I had a key role. At that moment, I was the Executive Director.*

CAMERON: What were the major concerns on the part of the cattle industry? What were your major concerns here at Imaflora, and what other issues were being raised at that time?

*PINTO: Our concerns were to have standards that were really applicable and were coherent with the situation of cattle in Brazil. It should be rigorous; it should really guarantee the submission but has to be real. We cannot design—we were afraid to have a standard that has nothing to do with our look of reality in terms of pasture management, use of substances for cattle, and how do they manage substances that can be prohibited. There was a huge discussion. There were stories about traceability: how the standard should address traceability, because this is a major issue about that.*

CAMERON: Yes.

*PINTO: I guess traceability was the main point, then how could we have a criteria that would deal with deforestation in a reasonable way, and then all these practical*

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*elements to make sure that the standard is connected with the field, something that has adherence with the best practices of the Brazilian cattle sector.*

*Then of course there were other concerns of Imaflora to make sure that we were doing a legitimate process that engaged stakeholders from all the sectors, from the environmental, labor, industry, cattle ranchers, etcetera. Always, the question from the industry and the farmers was: are we going to have incentives? Are we going to be rewarded? Is anybody going to pay more? This is always the question, right? Is the market going to recognize it and give value to who is certified? This is always their main concern.*

CAMERON: At that time, at the beginning, did you think the farmers were going to get a higher return for their cattle if they had the certified product?

PINTO: *I don't know high return, but we had the assumption that the market would give value. This was an assumption. Also in our experience with BioMerieux and standards for every crop with SAN is that we have those producers that want to be different no matter if the market pays or not. They want to be recognized. It happened with coffee, with oranges, with cocoa, with many other sectors, even with FSC. We supposed that some guys would be the pioneers independent of economic incentives.*

CAMERON: Why do they want to—?

PINTO: *Reputation, because they need to be acknowledged, because they want access to innovation, for different reasons. But we had this key assumption that the market would give value—not much but some at least.*

CAMERON: Right. I want to go back to some of the other things you talked about there, especially traceability. What were your biggest concerns with traceability, and what was the big discussion about traceability?

PINTO: *The issue is we don't have traceability in Brazilian cattle. We have SISBOV, but it is very specific. The fact is that business as usual in Brazil of cattle is very difficult to have traceability of the full life of the animal. We have guys who make the full cycle, but most of them do parts. They buy cattle from anyone, and cattle move huge distances. So the main issue was how can we set a criteria about deforestation that is not leakage or a green washing, that we really at the end certify animals that come from farms that have deforestation. This was the big issue.*

*If we were too rigorous, we would certify nobody. Too rigorous would mean that all the farms of the site of the animal need to comply with these standards to be certified or we only can certify farmers that make the full cycle. It would have no impact. If we would say no, we will certify only the last farm where the animal stays—two weeks, two months, three months; no matter the time, we may have huge leakage, and then we are certifying something that has a deforestation footprint.*

*So we had this difference that it is not about the certification of the farm. It is the certification of the animal. For all the other SAN crops, we certify the farm. The scope of every SAN certification is the farm. Then you put in the scope of the*

*certificate: which crops are certified and then can receive a label. So we have coffee farms here where the whole farm is certified; they have many crops, but only the coffee can receive the label at the end. For cattle, the animal will become meat, beef that will be certified, so we need to find a standard criteria that deals with that. So that is the main issue, how to balance and find an approach that is not green washing but is compatible with what we have in Brazil. Then we got to our criteria which is the one we have today. The animal has to stay at least six months on the farm and the previous farm has to be free of deforestation and other critical issues. But we don't address the full life of the animal.*

*The next version of the SAN standard that is already approved: I don't know if it is public—.*

CAMERON: I think it is next month.

PINTO: *It will ask full traceability. The animal—it is still the last farm, but it will ask free of deforestation across the life of the animal which will be much more complex and may narrow down the number of farms that can be certified. So the issue is how small is it going to be depending on how rigorous we are with traceability and matching deforestation.*

CAMERON: As far as the other parts of the standard, can you talk to me a little bit about that in relation to the same sort of issue where you can have small, broad standards where you can get a lot of people certified or you can have a lot of more rigorous standards where it's much smaller? Can you tell me a bit about that debate?

PINTO: *Considering the full—because to certify a cattle farm, it has to comply with all the SAN standards plus the cattle ones. In cattle, this is the major issue and other substances, but this is the big thing. There is also something about animal welfare. It may restrict, because the cattle standard has animal welfare criteria that is not widespread in our cattle sector. It is a limitation. I think these are the most important things.*

*Then, to comply with the SAN standards, there are major issues for cattle farms. One, it requires a management system that integrates environmental [Indecipherable] and animal dimensions. Cattle farms are not professional like that. They are managed in a very informal way. So the standard asks formal, robust management of the property. This is a big bottleneck. It is not so big for a coffee farm. That is more professional.*

*Second, for every Brazilian farm, compliance with the law, the forest code, and the labor regulations. But keep in mind that most of the people don't understand that, but a certified farm is not in full compliance with the law, but it has to comply with a lot and being progressive, continuous improvement for law compliance. Even with this approach, it is a limitation.*

*Then a part of the law—the SAN standard has three criteria about restoration, about repairing forests, and that they need to be protected if some cow overlaps with the law in Brazil, but it is an issue that forests around rivers and springs have to be restored, etcetera.*

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*We found out in our audits that labor issues are constraints as well, although cattle farms have very few employees. Very few people work on a cattle farm compared to others. The situation is very informal. The labor situation of the work is very informal. The standard requires compliance with health and safety, with extra hours, with formal hiring, housing, potable water—many issues that are out of the agenda of cattle farmers.*

*There is no big issue about pest sites as there are on any other crops; it is not a big issue. I think these are the main ones.*

CAMERON: Okay, I want to go back to what you mentioned there, what you were saying that a certified farm here is not in compliance with the law. What specific aspects do they have to be in compliance with, and where are the bits where they're not quite meeting?

PINTO: *For instance, repair of forests, our approach. Not every farm has 100% of repaired forests are there. They may have coffee or pasture. We accept it, since they have a plan to restore everything. We see this plan happen. [Indecipherable 00:39:18], today they don't need to comply with anything. The forest code is in a situation where there is no need. But before the oldest process of the new forest code in 2012, they had to have a plan to comply with [Indecipherable] requirement.*

CAMERON: Just to clarify there. The legal reserve is reduced in the new forest code?

PINTO: *The fact is that the forest code is a law today that has steps for implementation. The first step is the CAR. You're registered. Then after the registry, the plan to comply with the law. As the CAR deadline has been postponed, every farm—there is nobody legal. There is zero illegality in compliance with the forest code, because we are still in the window of time where the only step is to register no matter what you do on your farm. There is no illegality; there is no lack of compliance, because the only step of compliance is to go to the CAR, and the deadline has not come yet.*

*So even a farmer who has not registered in the CAR today has no problem with the law, although we have a law with many requirements. Since 2012, there is no one illegal in compliance with the forest code, because from 2012 until now, it took two years to have a date to start registering the CAR and then wait many years until you can finish the CAR deadline.*

CAMERON: So it is more that they are compliant with the law now, but they're not compliant with the pre-2012 law.

PINTO: *Yes, and other questions. So we get to a farm and there is a law about health and safety, and they need to improve housing. Housing is not fully appropriate. Okay, you make a plan to make the houses fully appropriate, and you keep certifying. But I know if you know whether this is relevant. The rules of certification for a farm to become certified—are you aware of that?*

CAMERON: Right, they need to have 50% of all criteria and 80% of the critical ones. Is that right?

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**PINTO:** *It is 100% of the critical. So they are critical. They need to comply fully with that. Then with the other, the rest they need to comply with 80% and, plus, 50% in each principal. One may have 80% and be very bad performance in one aspect—water or—no: in each principal, you need to have at least 50 and in the whole. 80, plus the critical criteria.*

**CAMERON:** When you say they have to have a plan to improve a certain aspect such as the recurring reforestation, is that, does that get included in the criteria that they are not meeting?

**PINTO:** *They have a noncompliance.*

**CAMERON:** So that is a noncompliance. That will be one of the 20%.

**PINTO:** *It can be minor or major. We keep auditing every year whether that was solved or not. Just to be clear again—sorry if it is redundant—the sum standard in the principal one asks compliance with the law, but many other criteria in the standard asks things that are in the Brazilian law. Some are critical: those criteria that they need to comply with—that criteria independent of the law—because in other parts of the world, they need to comply with that. So they repair the forest. If there were no forest code, they would need to comply anyway. So if the forest code doesn't ask anything, they are in compliance with the law. There is a criteria asking for protection of, repair of, forest, and they have to do that, no matter what is going on with the law process. The same is for labor.*

**CAMERON:** Okay. When you first started working with the cattle standard and implementing that here in Brazil, what did you think success would look like five, ten, fifteen years down the line?

**PINTO:** *Well the first certificate was issued four or five years ago, 2011. If you need—write me an e-mail if you need the date. The first certificate was issued in 2011. The first success would be to have the first certificate soon, and we were successful finding the pioneer. But we expected much more at the [Indecipherable 00:44:49] engagement. So we stayed four years with only this one certificate. But our measure of success would be to have certified the farm and to have beef in the marketplace, and this was successful. With the [Indecipherable 00:45:09] certificate—since then, we have had certified beef with the frog in many cities of the country, and the consumer could have this choice. In small volumes, it is small, but the beef is there. The choice for consumers is there. So this was very successful. But we failed in increasing scale fast. We took five years to have the second certificate. Then we had four new certificates in the last six months—so we moved again. But we are behind our scenarios of success. We imagined to have 25, 35, 50.*

*The view is not that every farm would be certified. We knew that the cattle standard would be for a few guys in the beginning. The gap between the cattle sector in Brazil and worldwide, the standard, was huge. We were aware of that. We knew that we could have some guys in a reasonable number to show, so the success was to say, to demonstrate it is possible to certify. It is not only for one guy; it is for ten, it is for twenty, in the first years. We can have been in the marketplace, a niche, not mainstream. Our view was never to be mainstream in the medium term like coffee is today, like tea is today. It is mainstream, or cocoa. We didn't have this perspective. No, it is going to be mainstream in ten years. We*

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*knew it was not going to be. We knew it would be niche but for more people than we have today. I don't know if that answers your question.*

CAMERON: It does. If that was the case, why not make the standard lower so that it could be more mainstream?

PINTO: *This is the question of the SAN. Our standard is positioned as a high standard, as a robust, rigorous one. That is in the top of the pyramid of sustainability. This is our identity. So it was a choice to have it rigorous. This has to do with our mission, and for the key issues of deforestation and traceability, this was the key where the line would be given the initial. There is no middle term. Either you are making something really concrete for deforestation or you are doing greenwashing, you have leakage. You are not really considered in your mission. So this thing is kind of black or white. We did some big cut and then decided this is where it has to be even if it is going to bring a small number.*

*The role of the SAN standard in the Rainforest Alliance series: we need to make a push towards a high level. So it was a choice. It has to do with the SAN referring to alliance identity and approach and now deciding to go lower. Other initiatives can deal with that.*

CAMERON: Okay. Getting the first ranch on board [Indecipherable 00:49:07], can you talk to me about how you got the word out that this new standard for cattle certification exists, and why it was them that was the first farm to come on board?

PINTO: *It was very well received. I think there was a huge impact, because [Indecipherable] already had connections in the market place and very soon we had the beef in the Carrefour supermarket and also the case of the Gucci—.*

CAMERON: Handbags?

PINTO: *Handbags. It was a splash, right? We said it's possible. So we were very happy at that first case. We saw that it also resulted in change, in impact in the farm. They had to change; they didn't pass the first audit. They failed. They needed to improve many things to be certified. Why them? It's because they are really part of a very professional business group, the JD Group, which works with grapes and other fruits. They are ahead of time in terms of differentiation of their business and their products. They are pioneers.*

*So we found them, and then they found us. They said, I want to be certified. I want this for my business and for my products. They had connections with the retailer, not only the slaughtering. So they made the bridge with the marketplace that others would not do. They were big enough, had volume enough, to have the products in the marketplace with the seal from their farm. This is a problem for others; they are so small that they cannot supply a supermarket or a retailer. So our seller had the size. Even in small quantities, they can give to Marfrig which can supply Carrefour with constant beef with the frog every week, but they had these connections. They did it by themselves. Others would fail, because they didn't have all these connections, volumes, and the vision. They made the case. They negotiated. They made the money. They made the thing. It was completely different from most of the cattle ranchers in Brazil.*

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CAMERON: Did Imaflora have a previous relationship with JD [Indecipherable 00:51:56] or did it start because of this?

PINTO: *Start with this and now they have a grape farm certified as well.*

CAMERON: How did you—were you publicizing that the standard existed to other farms as well?

PINTO: *We used the media and also the GTPS (Brazilian Roundtable on Sustainable Livestock) and all the meetings that we had. We are not so good on that, because cattle was a new sector for us. At that moment, we did have many relations, contacts. We didn't have roots in the cattle sector—it was new for us. At that time, we needed partners, other NGOs, producers, all these other farms, and the media, to try and spread the news, but it still was a challenge to make the concept of this standard to get to the farmers. We are still far from that. A few guys know. Who knows about certification? Those associations of producers that are very organized, that participate in GTPS, like [Indecipherable 00:53:10], are very organized and are ahead of things. We are really bad at that time. We thought that the slaughtering companies would be the driving force of everything, but it never happened. They will need to take something very important here.*

CAMERON: Okay.

PINTO: *Because our strategy would be—the industry will make it happen. It is not going to be a bottom-up process, that farmers will look for us. In coffee, cocoa, tea, etcetera, everything changed when Express, Kraft, Mars, or Unilever decided to commit, engage with certification, and asked their suppliers to be certified—it came from the top. Then we said the same will happen with beef. The beef companies, the slaughtering companies, will engage. They will think it will be very helpful for their strategies. They want to be sustainable. They will engage with sustainability, committed to source sustainable beef, and they will promote it. It never happened, never happened. The retainers will do it; never happened for different reasons.*

*One is that—compare it to coffee—there is no future of a brand of beef in Brazil. You don't have the brand concept. You have Yuban and Espresso, the brands of coffee and cocoa. You go to a supermarket, and you buy meat. You don't care about where it comes from; there is no brand. The [Indecipherable] companies now are making their brands, but they claim that the consumer doesn't ask, the consumer doesn't care, and the consumer will not pay more for it. They don't want to take the leadership. I will do it. I will offer to my consumer. I'll pay the difference or I'll incorporate this in my business. There are lots of companies.*

*They say if someone pays me, I will do it, but I will not incorporate in my business this cost or this investment. They only see this as a cost, not as an investment, not as an opportunity. They see more as a constraint. It is different from all the other food industries that engage in sustainability that they saw. After suffering, the Greenpeace campaigns, and Oxfam campaigns. [Indecipherable 00:56:13] delivers blah, blah, blah. They decided well, I will engage in sustainability, and I will make it part of my business.*

*The slaughtering and beef companies, even after Greenpeace, never said “oh we will do something or I will commit to something.” Then when we talked with the*

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*companies, the slaughtering companies, they also said, "if I do get part of my product certified, what am I going to answer if they ask about the rest: where it comes from?" Because Kraft, Mondelez, etcetera, they committed to start buying certified coffee, cocoa, and tea, and they said we have a plan to be 100% sustainable, and these guys don't want to be, because they know the gap. They don't want to invest.*

*This is a major constraint from our strategy. So our—going back to your question, behind our view of success would be one of the main slaughtering companies that will engage, commit, and promote. It never happened. Marfrig does something but really much more reactive than proactive.*

CAMERON: Let's talk about Marfrig then. They had to get the chain of custody standard, right? How did that come about? That was again because of the preexisting relationship between Carrefour and Marfrig for them to sell São Marcelo (Ranches).

PINTO: Yes.

CAMERON: What did Marfrig have to do to get the chain of custody standard, and were they open to that?

PINTO: *They had to do it, because well, they saw the opportunity, right? They were not so reactive to say I don't want to do it. No we want to do it, but of course so Marcelo had power during negotiation. They saw the opportunity. They signed—I don't know if you ever saw the statement from Carrefour, Marcelo, and Marfrig on the launching of the certified beef at a beef fair. They signed not a commitment, but interest, to be more sustainable and have more certification. So they publically assumed that, but in practice, they did nothing. To be beef certified, there was no need of change, because they had very good control of their factories regarding traceability and because the standard asks for traceability. For use of the seal, it has environmental and social dimensions, not as rigorous as those of the farm, and they comply. So it was not a deal for them technically to be certified.*

CAMERON: Okay.

PINTO: *They had to invest paying an audit every year; I don't consider this a big investment, but they can tell you. Are you going to talk to them?*

CAMERON: I have talked to them.

PINTO: *To Marcelo?*

CAMERON: Yes.

PINTO: *So there was no technical investment. They had the investment of paying an audit, but they publically said this is good. So they are our allies somehow. But they haven't moved more to bring other suppliers. But just consider, now he sees—he always liked it, but his bosses never said this is something we are going to do, really. Now there is a change. I think they are more interested and the others totally reluctant.*

CAMERON: Have you spoken to them at all?

PINTO: *Well JBS knows everything we do. We have talked hundreds of times. They don't want to do anything. They don't want differentiation.*

CAMERON: They don't want the differentiation in products?

PINTO: *No. Their issue is volume, although this week, they vouchered to clean here with McDonalds, ICV, Saturn, blah, blah, blah. But I am skeptical.*

CAMERON: Why are you skeptical about that?

PINTO: *About JBS—no, this initiative is interesting but that JBS wants to engage with something about sustainability—I don't see any evidence about that. I can talk about certification. If they want it, that could bring some of their best suppliers to be certified and have certified beef in the marketplace. They have size for that; it is a small decision. They don't want to do it for whatever reason.*

CAMERON: What is the difference between—from your perspective—what is the difference between the practices that happen at say the ICV (Instituto Centro de Vida), Novo Campo properties and the SAN Imaflora certified properties?

PINTO: *The Novo Campo project is based on the BPA (GAP, Good Agricultural Practices) Program from EMBRAPA. Have you heard about that?*

CAMERON: Yes.

PINTO: *That is a very good reference of the best management process. We have actually contributed to their vision of the new released version. We became a partner of BPA. It is a very good initiative. Companies are fully based on the BPA standard. The BPA standard is more—it is stronger than the SAN one in some of the cattle and pasture management issues. It is deeper. The SAN standard is more robust for social issues, for some of our mental issues, and for the management system of the property. They overlap a lot, but they have priorities in different areas. But the BPA is a good step to move towards the SAN certification, very good, if one wants to make this progress.*

*Another thing is that the assurance of the SAN system is totally different, because the BPA doesn't have assurance. Novo Campo has a level for assurance, and we contributed to that level of assurance. I need to ask from them why they consider it a third party. The SAN then has all the ICV requirements of assurance: the standard, the accreditation body, the certification body, the certification policies, and SAN certification standards. They are much more robust, much more expansive. The assurance is totally different. The standard may overlap a lot.*

CAMERON: What about—what is your take on some of the other initiatives happening in the cattle sector such as the roundtable and sustainable beef and any other initiatives?

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**PINTO:** *They are all complementary. The GTPS has a standard now. Imaflora has led to develop this working group on the standard, but they make very clear that it is not going to be a certification standard. So GTPS is a good place to put people together, to make stakeholders together, and to try to find solutions. It has been successful in this direction. That worked in increasing awareness, making connections, making efforts, engaging the finance sector, retailers, and putting everyone together. It has been very successful.*

*We tried to make a standard of reference of what the purposes will be, and from GTPS, many intensification initiatives came from our work or were connected to. So all these initiatives are interesting like Paragominas. There were other projects, but they are basically—all these new audit initiatives. There are few that are focusing on intensification. The initiative is routinely seen in Walmart. We are also trying to bring beef to the marketplace with some kind of assurance of the forest code.*

*I think there is a bunch of initiatives, and there are two different focuses I would classify now. Let's see if it works. One is moving towards intensification. GTPS has many initiatives, and many NGOs are working with cattle ranchers towards intensification with two main purposes. Intensification means less area, less emission, and less deforestation. This is the rationale. Everyone is going in this direction. We need to increase productivity, efficiency, cattle, beef production, better pasture management, genetics, blah, blah, blah, and the main target is more productivity and less area, lower emission, and no deforestation.*

**CAMERON:** Right.

**PINTO:** *There is a second type of initiative like the TNC that I would classify as trying to bring legality. So Walmart has to do with CAR and compliance with the forest code. I think this is the main message there. There is some intensification as well. I understand—of course I am biased to say that the SAN is more comprehensive. First, it is the certification: very specific, right?*

**CAMERON:** Yes.

**PINTO:** *It is a very particular way of working, but the standard is much more comprehensive, deals with management, intensification, with environmental, with law compliance, with all these things, and that is why this is wrong: because it tackles many more issues across. I think the risk is that these other initiatives should slowly incorporate other dimensions of sustainability. My concern is that they claim they are sustainable, although some very important limits of sustainability are out of this code book, these initiatives, like the work conditions and the pesticide use. They have huge value, but the claims that can be made are the concerns. Then I see who has something about challenging the labor and challenging the claim. They have a claims code about what should you claim about the initiative.*

*I think the slaughtering companies try to make the claim that any effort towards legality, CAR, or intensification is sustainable. Then it is not true.*

**CAMERON:** Okay, I want to go back to the certification process now.

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PINTO: *I can plan for twenty minutes more.*

CAMERON: Twenty minutes more. Ok, go ahead. So then with Fazenda de São Marcelo, you mentioned that they needed to make a number of changes. What were those changes that they needed to make?

PINTO: *I cannot be specific. You can get the public summary of their audits on their website, and I can send you each one. You will find only the latest, but I can send you all. I have confidentiality agreements. I cannot tell everything, but I can say changes in management of the farm, changes in labor controls, and labor situation. There were changing wastes of the farm. These I remember, but I cannot go into many details; you would need to ask them.*

CAMERON: What benefits are there to being certified? What incentive exists for a ranch to get certification?

PINTO: *Concretely not many. What certification delivers, the only thing that a certificate delivers, is differentiation: saying you are different. You comply with the system. The rest is a consequence of things. I'll never say I'll give you this certificate, and you're going to make more. We know that now there are five certificates of cattle. What we know is that they have maintained markets or assessed new markets. This is a benefit incentive, a potential incentive.*

CAMERON: What are the new markets that the [Indecipherable 01:10:27]?

PINTO: *There are restaurants or markets are maintained, but it is basically a niche. So Marfrig is always exporting some beef. There is this hamburger certified in Europe that is new: a new market in Europe. From São Marcelo, I heard, I know, they are exporting. So there are international markets and niche markets in Brazil. We don't have data. We don't have access. We hear that they make a small premium, but there is no slaughtering company that will tell you I pay more. For coffee, we know—there is a premium of some cents. We don't know about that. Matias told me last week that for him, for Marfrig, it is a set of things of quality. Sustainability is one of them, but there are other quality [Indecipherable] that they can eventually pay something.*

*Then there is a reputation, benefit. That is not an issue for many to be recognized as different. We have evidence, but we haven't seen this as motivation for anyone, that by implementing that as practice, you get more efficient, you are more comfortable, and I will give you all the stories that support that: not for cattle but our experience with education. But if I go to a farmer to convince him now to get certified, I don't have much to tell him.*

CAMERON: And that is mostly because this price premium is not clear?

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*PINTO: Yes, and then the slaughterhouse will say I need a group of producers that give me some volume that I can then process and put in the marketplace. There are some bottlenecks in the middle that one small—medium producer of cattle knocks on the door of Marfrig today:*

*“I want to give you my certified animal.”  
How many per day during all the year?  
“Oh, I have 300 per year.”  
Doesn’t work.*

*So even if Marfrig wants to do it, they need quality, quantity, and frequency. This is new for the cattle industry, for the cattle producers, because they sell animals depending on the market, on the prices. It is very different; it requires a new business model. This is a barrier. It requires organization, a value chain among producers.*

*Most of the certified coffee—not most but a lot—is sold through cooperatives. They put volumes together in support. You don’t have a cooperative of cattle producers that can put a bunch of animals together and sell to a slaughtering company. So this future of fragmented individuals, not professional, not collective business, is a major barrier even for the slaughtering companies which want it.*

*CAMERON: One thing that we’ve been concerned about with some of the other systems is the potential to sort of launder certified products into—rather launder non-certified products—.*

*PINTO: What?*

*CAMERON: To sell—as far as the traceability, selling the noncertified products with the label. Can you talk to me about—has that been an issue at all as far as—?*

*PINTO: For cattle?*

*CAMERON: For cattle.*

*PINTO: No, because the volume is so small, the risk is—the traceability is pretty good. The slaughtering companies have a lot of control. We have so few cases that we would be surprised if more beef shows up. It is not a concern as far as—we really trust the system. It is not a thing that concerns. We watch for assurance of control, because we have many tools in the SAN Rainforest Alliance to track traceability and volumes.*

*CAMERON: Can you tell me a little bit about that briefly?*

*PINTO: There is a chain of custody. On audits, any audits, we check volumes every time. Every logo has to be approved by Rainforest Alliance so we can track the products. So for other crops, the system has many more controls than for cattle, but this is not a concern.*

*CAMERON: What are the—?*

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**PINTO:** *It is possible; your assumption is true, but it doesn't show up, especially because there is little mixture—of course for hamburger, you can mix certified and non-certified, but so far most of the certified beef is a piece of animal. There is no mixture, and then the risk is really low.*

**CAMERON:** What are some of the other checks you have in place for other crops, and if the volume of beef did increase, would that be introduced?

**PINTO:** *Rainforest Alliance has a system called the Market Place that has a website for cocoa, coffee, and tea that are for higher volumes. There is a platform where the sellers and buyers put every transaction there, and then you check volumes. We use these controls for the chain of custody audit. So we really rely on physical transactions and documents that support all this. It is reasonably robust. It is not perfect, but it works well.*

*Then every cell has to have the number of certificates in their fiscal documents and the same for meat. So it is an issue, but it is not a big problem.*

**CAMERON:** Have there been any other issues that have come up in audits that have been problems that have had to be resolved?

**PINTO:** *No, I think I've mentioned all.*

**CAMERON:** Under what conditions could this be more effective? What would have to happen at the private level and at the multinational corporation level? What would have to happen at the government level, the national government, the state level, and the local government?

**PINTO:** *Forest certification.*

**CAMERON:** For this to be a successful system that penetrated—that changed the market, what would have to happen?

**PINTO:** *The main change has to come from the market: real, concrete, economic incentives, whatever they are. They really can be summarized in prices for producers. Then the slaughtering sells well. It needs to come from the retailer or from the final consumer. This is the main change; someone has to pay for it. For it to happen, we need to raise awareness of the consumers. The consumers need to ask for the retailers. They need to ask the slaughtering, etcetera, etcetera. So the main change is the economic side or the economic incentive. The demand has to come.*

*This is what really changed for all the other crops. The industries, the traders, or someone in the chain said "I will take the leadership. I will incorporate this in my business. I will pay more. I will incorporate this cost and see this as an investment opportunity." This is what happened for all other certification for other crops. So the need of leadership is the main thing—or the lack of leadership is the main bottleneck. Someone big in the chain has to say, "I'll take the leadership, I'll do it."*

*Then of course comes well, if Marfrig decides to buy until 2020 all the beef certified each year going up, what comes next? Well, there is capacity building*

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*for producers to reach this standard. So there is a huge need. Then we need to go to the field and make the change.*

*Of course we have a group of producers in Brazil that can be certified today. They do best practices. It is small, but we have guys there that could do it. But for really upscaling technical assistance, capacity building becomes the next big gap.*

*Then from the policy side, there is money for all these changes, from the private sector and from the public sector. So either extension and technical system capacity building should come combining public and private tools, public and private actors, that could help producers to do it. As I mentioned, there is a change in the culture of cattle ranchers. They need to be collectively organized and more professional. They need to see cattle as a business. Cattle in Brazil today is not a business yet for most of the cattle ranchers. It is land with something—it is a bank account. It is not a business for most of—I would say for many good guys—we have these good guys ready to make it. But looking ahead for profession, cattle needs to be a business.*

CAMERON: What about on the public sector side as far as enforcement of existing environmental regulations or tightening environmental regulations?

PINTO: *It helps, but the public sector has never been key for increasing upscale certification anywhere. In Brazil, for FSC, for the SAN, for TRS, for all the other—folks at the government never support it really with policies and never made a difference. They could do with credit, with technical assistance, promoting standards, building capacity, giving special conditions for who is certified in terms of less fiscalization, more credit, etcetera. They can help, but they have never been critical to make it happen. So the market has been more powerful. The private sector has been more powerful. So law enforcement can help, but it is not going to make the big change for certification of cattle; I don't think so.*

CAMERON: So what does the future of SAN certification for cattle look like here?

PINTO: *Well, we really changed in the last six months. We worked. We stayed five years with one certificate. Now, we have five. Recently, it seemed we started a turning point. We still never got scale. Where more producers are seeing the opportunity, they see they can get certified, and they try to negotiate with slaughtering companies and try to find solutions to have their certified beef. Independent of some slaughtering, guys want it or not. Some producers are trying to organize themselves, trying to differentiate themselves, in finding solutions to having their beef independent of slaughtering companies.*

*The future also seems that Marfrig runs slaughtering companies. There seems to be more interest to promote and to differentiate. It may be a possibility for the future I think. One big question mark. The SAN is going to release a new standard that will be valid for audits after July. It is even more rigorous than the previous one for cattle, for the traceability component. It will ask for traceability in the full life of the animal. It may actually decrease the number of certificates. We are not sure if every farm that is certified today will keep certified or what may happen—there is another hypothesis that we will keep all the certificates we have, but we will have fewer certified animals, less beef, because some sold by [Indecipherable] or other certified farm in Mato Grosso. They will have the farm*

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*certified, but the percentage of animals that have full traceability will be smaller. Today, they have traceability of this farm and the previous one, and we ask the full. Maybe the number of animals will decrease. They will sell fewer animals; we will have less beef.*

*So we may eventually be like that. We were flat. We increased. We may decrease to grow in the future. But the message we got from the marketplace, from the NGOs, from most of the stakeholders, was you don't have a choice. Everyone has full free deforestation. The SAN doesn't have a choice. If it wants to claim about its mission and fulfill expectations of consumers and civil society, you don't have a choice. So we have a question mark here.*

*What it really means is that the gap between what society expects and what happens in the field in cattle is still tremendous. What sustainability looks like or is required to be is still too far in cattle compared to other crops. So the trend is to keep growing, but we will have a question mark for the two things. The market and the society still doesn't have clearly said, "I want it." There is lack of leadership, this gap is huge, and we don't know how fast this gap is decreasing. We don't know. Is that clear?*

CAMERON: Yes. How far do you think it is away? What time?

PINTO: *I'm sure we have enough producers to put a lot of beef in the market place to be certified if they want. Brazil has—can do the best. So I'm still saying, on average, we are very, very far. But we could have not only five certified guys in Brazil; we could have fifteen easily. It would make a big change in awareness, in impact, in beef in the marketplace, and in making the thing have some meaning. Today it is a symbol. It doesn't have a meaning.*

CAMERON: Where will that demand come from? Can it come from within Brazil? Do you think that exists?

PINTO: *What?*

CAMERON: The demand for that certified—.

PINTO: *It needs to come from Brazil but internationally as well. It will be made up. Now Brazil can export more. Some markets are opening. But if it doesn't—we need both—national and international. If the national market doesn't want it, it is not going to be much.*

CAMERON: I'm going to leave the questions there, because I know you need to go, unless there is anything else that you think is important that we haven't touched upon?

PINTO: *No, I think—there is one thing that I usually tell. From our perspective [Indecipherable 01:28:17], we need to understand the role of certification in this puzzle of a solution towards the sustainability: not only for cattle, for every crop. We don't have the understanding that we need to certify 100% of any crop. This discussion of upscale certification or beyond certification—. First, we really need to have evidence that certification has been the most effective tool for innovation towards sustainability in agriculture globally. I'm saying that, because there is this claim that certification doesn't work in the world. It is too expensive. It is small*

*scale or whatever. I haven't seen such an effective tool for pushing innovation towards sustainability, even if it is small.*

*Now this comes, this upscale. How is it going to be upscale? My point is that it is not about up scaling certification. It is how certification contributes to up scaling sustainability. What I'm saying is that we need—we don't need to certify 100% of any crop, but we need to certify a reasonable percentage of a sector to show it is possible until a point that this backbone influences the whole sector. Today in Brazil, less than 10% of the Brazilian coffee is certified, although Brazil is the largest supplier of certified coffee in Brazil. But because of certification, this small part of our coffee is certified. Sustainability is an issue for every coffee producer in Brazil. It influences. It has an impact.*

*So for cattle and other crops, we need a minimal volume of this implemented in the field to create a minimal capacity or understanding—to influence a whole sector. Then how we connect these private initiatives with public policies. Either public policies support this upscale certification and the main components of certification being incorporated in public policies. That doesn't mean certifying everyone. I think this is occurring on the point of discussion, the role of certification for cattle sustainability, because one may claim it has no value. We understand it has a value to support innovation and make the case. But we need a minimum number of things going on in the field today. I think it is totally possible.*

CAMERON: I just want to understand that point a little bit clearer, because I'm thinking if I'm far away—if the top 10% of Brazilian coffee producers are certified sustainable and my coffee farm is a long way away from reaching that standard, how does that affect me? Why does that raise the bottom? What is the impact?

PINTO: *I start to make what my neighbor does slowly. I start doing that. I'm learning. Capacity has been building. I see that, the solutions I can make, as well. The minimal level increases together. You see that is not impossible. I think there is a tipping point where it goes to the whole chain, because one way of framing that is when you reach a certain group, the issue—we don't have even awareness that sustainability is an issue. For coffee, everyone understands that this is an issue that it is necessary to change. So it starts with information access, with awareness. Then it radiates in a much slower speed with much slower change, but it starts. We see that. I don't know if I made the point. It has a consequence over time, the long time.*

CAMERON: Thank you.