



## **Sustainable capitalism – an innovative approach to protecting Portugal’s species-rich Montados and the endangered wildlife that inhabit them.**

**An *Animals on the Edge* report, written by Chris Weston**

To the east of the capital city of Lisbon and stretching across 10,000 square miles of southern Portugal, as far as the hills of the Spanish border, lies an area of outstanding natural beauty that is rich in bio-diversity and supportive of a multitude of wildlife species, many of them endangered or endemic to the region, including over 100 species of birds, numerous amphibians, bats and one of the world’s most endangered big cats – the Iberian lynx. It is one of the most important natural habitats in Western Europe. And it’s under threat.

The region is Alentejo, and it is the centre of a multi-billion dollar, international industrial scale agricultural industry. However, it is not the industry that is threatening the region’s wildlife. Indeed, perversely, human activity is responsible for creating the rich tapestry of habitat that is so beneficial to such a diversity of species. These are the Montados, natural eco-systems of woodland and pasture that have been farmed sympathetically and in a sustainable way for centuries. And the industry is cork production, worth around US\$2-billion annually and creating employment for upward of 12,000 Portuguese workers.

Cork has been harvested in the Montados for thousands of years, as far back as the ancient Greeks and Roman civilizations, although industrial scale harvesting and exploitation of the Montados began as recently as the 18<sup>th</sup> century. Harvesting takes place during the summer and is still done by hand by skilled workers using *machados* (curved axes), as no suitable mechanical means of stripping the trees’ bark has yet been invented. An average tree, which can be harvested once every nine years, yields enough cork to produce 4,000 bottle stoppers, the principal use of this raw material. Once harvested, the cork is transported to storage yards and on to the factories that manufacture the cork products, which, in addition to wine bottle stoppers, includes cork flooring and floats used by anglers.

In addition to the economic and social benefits the Montados provide to the people of Alentejo – one of the poorest regions of western Europe – and the ecological benefits enjoyed by the region’s wildlife, there are environmental benefits to the world as a whole. The trees of the Montados absorb millions of tons of carbon dioxide (CO<sub>2</sub>) each year, helping to combat global warming. The industry is about as ‘green’ as any industry can be, so why are the wildlife of the Montados and the livelihoods of the inhabitants of Alentejo threatened?



## **A question of economics**

Like most things, the future of the Montados is determined by economics. In the 1980's, the European Union (EU) incentivised Europe's farmers, by way of subsidies, to switch to growing more intensive crops, such as maize. Lulled by the EU handouts, many farmers succumbed. But the Alentejo region is liable to drought and the soil of the Montados is poorly suited to such crops. The policy was unsuccessful and led to an even greater problem.

Around the same time that the EU was subsidising farmers to grow intensive crops, consumption of wine increased dramatically and the demand for cork stoppers grew exponentially. Unable to keep up with increased demand, quality control in some factories dropped. As a result, there was an increase in the number of bottles of wine that became tainted by increased levels of trichloroanisole (TCA) in corks. Unhappy that their wine was being spoiled, and driven by customer demand for higher quality, wine producers looked for alternatives to cork, which resulted in the introduction of synthetic stoppers and, later, metal screw caps. These modern products are marketed as being cleaner than cork and with lower levels of contamination wineries have seen a decrease in tainted product of around 50%.

The cork industry responded with a US\$1-million research program into TCA's that led to the introduction of new systems of quality control that made cork stoppers cleaner and more reliable. In the meantime, however, the new competitors had taken 25% of the market and, having made their mark, are pushing to increase that share. As a result, demand for traditional cork stoppers has decreased, making it harder for the farmers of the Alentejo to sustain the industry and continue to make a living from the Montados. If the trend towards synthetic and metal cap stoppers continues then the likelihood is that the cork oaks and pastures will be cleared in favour of more financially viable crops that inevitably will be less friendly to wildlife and the environment.

## **Sustainable capitalism – a template for successful conservation**

So what's the solution? By choosing to buy only wine with a traditional cork stopper, the public can put pressure on retailers to demand corked product from the wineries. There are precedents for such campaigns, perhaps the most successful being the Fair Trade movement. However, in global market terms, after decades of campaigning and development, Fair Trade products account for a very small percentage of overall sales and the farmers of Alentejo don't have that long. In the long term, then, such campaigning alone is unlikely to prevail in our global economy and a more practical solution is needed. Fortunately, one may exist in carbon trading.



Portugal's Montados cork oak forests are responsible for retaining around 4.8 million tons of carbon dioxide per annum, a valuable asset that has yet to be capitalized on by the region's farmers. Under the restrictive terms of the Kyoto Protocol, the European Clean Development Mechanism – a system that enables companies in developed countries to invest in certain carbon-friendly projects – is unemployable. However, that doesn't mean that carbon trading cannot be a part of the solution, as two examples from South America prove.

John Carter is a Gulf War veteran, an American and native Texan who moved to the Amazon region of Brazil with his Brazilian wife. He had grown up with campaigns to save rainforests like the Amazon and, like many people, had inferred from their campaigning that international conservation groups were succeeding in their quest to protect such forests. What he found on the ground, however, was shocking. "I had a tremendous let down," he says passionately. "I thought they were doing a whole lot more than they actually were. I thought from all the rhetoric you hear in the media, etcetera, that there'd been a real, huge impact on conservation and I then came here and saw it was absolutely the contrary."

Disillusioned at the lack of impact the large non-profits and non-government organizations (NGOs) were making, Carter formed an organisation called the Land Alliance in an effort to bring sustainable agricultural development to the heart of the Amazon. Part of that plan was for farmers to protect enough of the forest to offset their own emissions. Going a step further, farmers could then sell surplus carbon credits to businesses internationally, gaining additional revenue from their forested land.

Rabobank, a Dutch bank focusing on the food and agribusiness sectors, approached the Land Alliance to help with offsetting its carbon emissions. In return for a contractual commitment to release all of their surplus carbon credits to the bank, Rabobank pays the Alliance an agreed sum for each tonne of carbon offset. The deal means that farmers make three times the amount of money per hectare by letting the forest grow than they could by clearing the land to rear cattle, or twice the amount they could earn from growing soya. The result is that the 1.6 million hectares of land certified by the Land Alliance are now worth more with trees standing on them than they would be if the trees were cleared.

It is an idea that is catching on. In February 2009, the Conservative Party, one of the UK's two main political parties, announced that it will offset its carbon emissions by backing a similar initiative, the Juma Project, which is the brainchild of Professor Virgilio Viana, former Environment Secretary for Amazonas. While in office, Professor Viana created several protected areas, reducing deforestation in the State from a rate of 600 square miles to just 200 square miles per year. He recognised, however, that this wasn't enough and that more, diverse action was needed to protect the forest in the long term from inevitable encroachment.



"You've got to look at why people deforest," he explains. "It's not because they are stupid, irrational or hate forest. Most forest dwellers are very poor. If I was living in a shack like theirs, I'd sell a mahogany tree for 10 bucks to get milk for my children."

The Juma Project, which is also being supported financially by the American Hotel chain Marriott International, pays the Boa Frente community a monthly income in return for zero deforestation and a commitment to send their children to school. Additionally, the community has been given a solar panel and a computer and further investment to fund social programs, such as schools and health clinics. The project is monitored using satellite imagery and is a prime example of how politics, capitalism and conservation can work together towards a common goal.

## **Conclusion**

Both the Juma Project and the Land Alliance are founded on a simple premise that John Carter communicates so succinctly: "If you place an economic value on forests, all of a sudden people want to protect them." Importantly, these projects have created a precedent and their innovative approach to marrying economic sustainability with habitat and wildlife protection has created a template that, with support, could be adopted in the wildlife-rich forests of Alentejo to the long-term benefit of both people and animals.