

Stora Enso/Montes del Plata Forestry and cattle grazing



Forestry, cattle ranching and other land uses are competing for land in rural Uruguay, and a traditional way of life is being displaced. By opening its land up to grazing, Montes del Plata is developing different forms of partnerships which benefit communities and the company.

Background

Cattle ranching is deeply embedded in the culture of Uruguay, particularly in rural areas. Forestry is a relative newcomer, having been identified as a strategic development priority in the late 1980s.

In recent years, farmer discomfort has become apparent in rural communities with new competing sectors putting at risk long-established ways of life and local cultural values. Land prices have been spiralling upwards, exacerbated by increased foreign investment into large-scale agriculture and forestry. This threatens to limit land access for traditional cattle ranchers.

Pulp producer Montes del Plata (MdP), a joint venture between Arauco and Stora Enso formed in October 2009, is one of the biggest land owners in Uruguay, with 264,000 hectares across the country. Far from seeing forestry and cattle as competing sectors, MdP has realized the value of actively managing the synergies between them by leasing its land to local cattle herders for grazing.



Cattle ranching is a traditional way of life in rural Uruguay, but land competition is increasing.

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“Access to grazing land is a big issue for small-sized cattle producers. We are cornered by soybean, cornered by forestry, and cannot grow since we’re not able to achieve the scale. But people are interested in continuing to live on the land and from the land. Working with Montes del Plata is making this possible.”

Felipe Sanguinetti, a local cattle producer in the county of Flores

The project

As MdP acquires land for afforestation, it maintains or restores the cattle infrastructure. Fences and paddocks are re-planned to allow both forest and cattle management on an adequate scale. To date, MdP has signed 310 grazing contracts with 255 cattle producers, including six small to medium-size cooperatives, covering a total of 178,000 hectares of either forested or set-aside land. All contracts are legal, transparent and fair, with cattle grazers treated as equal partners. Contracts are limited to 11 months maximum, but are regularly evaluated to ensure longer-term continuity. In awarding contracts, MdP gives priority to:

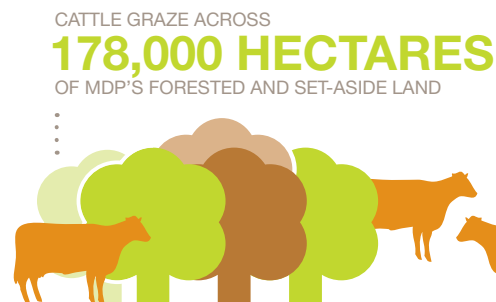
- i. longstanding partners
- ii. previous landowners relocated to facilitate land acquisition or access to fibre
- iii. small family producers or groups of family producers
- iv. neighbours or cattle producers in neighbouring communities.

Cattle grazers must pay for their contracts. However, with substantial foreign investments pushing up local land prices, MdP aims to rebalance land access in favour of neighbour community members, especially the socially vulnerable. Land area is limited to 1,500 hectares – three times the upper limit for a family producer farm size, as defined by the Ministry of Cattle and Agriculture – to maximize the number of beneficiaries. The grazing price is determined according to the cattle beef price, soil classification, pasture availability and a percentage earning for MdP, rather than being driven by the open market. All cattle holders are required to follow MdP’s procedures, requirements and controls, including applicable forest management principles and best practices. These cover issues such as living conditions of farm workers, health and safety, handling of chemicals, preventing soil erosion, respecting conservation areas and preserving biodiversity. Grazing audits are held regularly to make sure partners meet standards and conditions.



MdP has signed 310 grazing contracts with 255 cattle producers, including six small to medium-size cooperatives.

Photography © Montes del Plata



“We’re committed to being a responsible neighbour and strive to contribute to the economic and social development of the communities in which we operate. We work together with local stakeholders and integrate our activities with other productive sectors.

“Third-party cattle grazing is a prime example of this. We see it as a fundamental tool for community relationship building, preserving local cultural values and enhancing economic development in rural areas.”

Carolina Moreira, MdP Sustainability and Corporate Affairs Manager

Benefits

The programme creates a win-win formula for the community and MdP. It has helped to build relationships, giving MdP a face and opening doors for further dialogue and participation, allowing communities and MdP to explore further mutually beneficial initiatives. It also acts as a vehicle to create awareness of other values, such as working culture, health and safety, biodiversity conservation and environmental issues.

The community benefits from:

- balanced, widespread access to land and cattle fodder in workable distances
- cattle business stability, based on reliability, affordable grazing price and long-term thinking
- rural income and development opportunities, countering the trend of migration into urban areas
- maintaining long-established rural cultural values and ways of life.

The benefits for MdP go beyond the cash income:

- Widespread company landholdings are under control: permanent grazing presence prevents undesirable intruders, vandalism and other forms of damage.
- Emergencies, such as forest fires, are rapidly communicated to the company, so emergency teams can be quickly deployed.
- Cattle grazing regulates the volume of weeds and pasture, reducing the risk of forest fire and, in some areas, the need for herbicides.

Next steps

MdP is working on a socio-economic evaluation of the programme to identify strengths and areas for improvement. In addition, coordination efforts seek to explore potential market alternatives for its cattle-producing partners, such as improving access to the dairy product industry for the most vulnerable.

The company is also looking into best cattle management practices for the various soil and vegetation types, and within forested areas, with a view to sharing knowledge with and amongst cattle producers to further improve their businesses. Trials on varying forest coverage areas will indicate prevalence and productivity of native grass species, and their effect on physical growth of cattle.



The programme has helped MdP build relationships with local communities.

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