

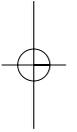
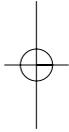


CHAPTER SEVEN

DO PARTNERSHIPS BETWEEN LARGE CORPORATIONS
AND AMAZONIAN INDIGENOUS GROUPS HELP OR
HINDER COMMUNITIES AND FORESTS?

CARLA MORSELLO* AND W. NEIL ADGER**

Brazilian Amazonia is rich in multi-scale company-community partnerships, particularly those related to the commercialisation of non-timber forest products. But who gains most and who loses from such partnerships? Empirical evaluations of changes in livelihoods and forest conservation are still scarce. This chapter presents results of research on the effects of the integration of the indigenous A'Ukre-Kayapó community into fair trade markets through the production of Brazil nut oil. It examines cash income and its distribution from such agreements, impacts on traditional practices, power imbalances within partnerships and forest conservation. The chapter concludes that partnerships imply both benefits and problems, while information is needed on institutions that may guarantee successful outcomes.

*New Company-Community Partnerships*

Globalisation is changing the landscape of trade and resource use. Companies increasingly respond to a complex set of stakeholders and geographies. New pressures from these diverse stakeholders have, for example, encouraged corporations in several sectors to develop niche markets and implement voluntary corporate social responsibility practices. Globalisation has, nonetheless, been accompanied by the contrary force of localisation. Localisation is a society-based response to

* School of Environmental Sciences and CSERGE, University of East Anglia, Norwich NR4 7TJ, United Kingdom, Escola de Artes, Ciências e Humanidades da Universidade de São Paulo (EACH- USP) and Programa de Pós-graduação em Ciência Ambiental, Universidade de São Paulo (PROCAM-USP). E-mail: morsello@usp.br.

** School of Environmental Sciences, CSERGE and Tyndall Centre, University of East Anglia, Norwich NR4 7TJ, United Kingdom. E-mail: n.adger@uea.ac.uk.



increasingly distant decision-making and encompasses several mechanisms that attempt to empower civil society and to return control to local groups (Mayers and Vermeulen 2002). In forestry markets, civil society influence is demonstrated by a portfolio of actions that operate through exercising individuals' discriminatory purchasing power, such as certification schemes, buyers' groups or boycotting. Yet, alongside forces operating in production and consumption markets, we also observed even stronger political pressure to transfer forest control to local communities. Presently, a quarter of the world's forests are controlled by indigenous and rural communities (White and Martin 2002).

The combination of these apparently contrary forces has resulted in the development of new forestry schemes, such as the establishment of trade agreements between forest communities and corporations, often portrayed as partnerships (Vermeulen *et al.* forthcoming; see also Vermeulen and Mayers, this volume). Partnerships are broadly referred to as the variety of formal or informal relations between two or more partners (Vermeulen *et al.* forthcoming; Warner 2003). In this chapter they are defined as the informal or formal relations established between medium to large companies and forest communities, whose stated minimum aim is to benefit both partners.

Although still comprising a minor percentage of markets in forest products, the number of corporate-community partnerships is growing, in particular in the pulpwood trade (Mayers and Vermeulen 2002) and, in some regions, in the trade in non-timber forest products (NTFPs) (Anderson and Clay 2002). In Brazilian Amazonia, in particular, partnerships for NTFP trade are becoming common, while timber exploitation through corporate-community deals is still rare (Vidal and Donini 2004).

In Brazilian Amazonia, corporate-community agreements on NTFP trade are a result of the combination of globalisation and localisation forces, stimulated by a local context that stimulates the conservation of biological and cultural diversity. In this regard, trade in NTFPs has been promoted and implemented in several settings as a strategy that may allow forest conservation while improving the livelihoods of forest communities (Clay 1992; Counsell and Rice 1992). While, initially, commercialisation was primarily promoted by non-governmental organisations (NGOs), corporations now dominate the scene, having been encouraged by increased demand for environmentally and socially responsible products. Ongoing initiatives in Amazonia involve

local, national and international companies which deal with a variety of products such as essential oils, medicinal plants, fibres and resins and various sectors, including the automobile industry (see Otsuki, this volume). These corporate-community deals have attracted the attention of local and international NGOs, as well as national and regional government departments, which are all engaged in promoting them as an alternative to reconciling forest conservation and as a way of improving local well being.

It is not difficult to see why the win-win nature of partnerships has attracted so much attention. However, while the concept is appealing, there is scant empirical evidence on whether these initiatives help or hinder either the communities or the forests in which they live. Most studies in recent literature focus on wood fibre production (for instance Mayers 2000; Mayers and Vermeulen 2002; Vermeulen *et al.* forthcoming; Nawir *et al.* 2003; Vermeulen and Mayers, Chapter 6 of this volume). Far fewer studies focus at least partially on NTFP extraction (Anderson and Clay 2002). Hence, this chapter explores the least studied segment of corporate-communities agreements relating to NTFP trade and evaluates the likely benefits and problems that can be derived from them. We examine one of the most famous and probably oldest examples of partnerships in the Brazilian Amazon, namely the agreement between a UK-based cosmetics company, The Body Shop, and an indigenous community, the A'Ukre-Kayapó.

After briefly explaining the methodology for data gathering in the following section, we examine the underlying forces in the establishment of corporate-community agreements in Brazilian Amazonia. Thereafter, we present the case of the A'Ukre-Kayapó and The Body Shop agreement. We then evaluate whether such an agreement can improve the livelihoods of indigenous communities in terms of cash incomes, impacts on traditional activities and power imbalances. After that, we explore the assertion that such agreements are an appropriate mechanism for reducing deforestation. We end by discussing the approaches and actions that may guarantee successful outcomes and present the main conclusions.

Methodology

Evaluation of the impacts of the trade agreement at A'Ukre relies on quantitative and qualitative data collected over 14 months of

fieldwork (2000–2001). For the impacts on social differentiation, data was gathered via a survey of all households ($N = 23$) and individuals ($N = 230$) in the village. For the evaluation of labour trade-offs, data was gathered from the household survey, from time allocation observations (123 observation days; 4,385 observations) and from an evaluation of agricultural plots (42 plots over two years). In addition, qualitative data came from 30 unstructured interviews with A'Ukre residents, four semi-structured interviews with two cosmetic company representatives and two Kayapó leaders involved in managing the trade. The data analysis is based on a series of bivariate and multivariate statistical techniques. Detailed explanation of the techniques and statistical results are presented elsewhere (Morsello 2002). Here we discuss the main findings and conclusions with a view to illuminating the policy implications in the light of inevitable trade-offs between corporate needs and the resilience of indigenous societies and resource-use strategies.

Partnering Up

In the last decade, forestry partnerships have spread in developed and emerging economies (Mayers and Vermeulen 2002). Brazilian Amazonia is being influenced by global trends and yet is also subject to local forces which determine a peculiar configuration in the establishment of partnerships'. Similarly to global trends, a large proportion of the region is under the control of indigenous and extractive communities. One fifth of Brazilian Amazonia is enclosed within indigenous lands, another 4 per cent consists of protected areas where some forms of resource use are permitted (Lentini *et al.* 2003) and an even larger percentage is subject to informal regimes of forest communities' management and land ownership.

Brazilian Amazonia is also undergoing a process of growing social identity, arising from a broad social movement which started in the late 1980s with the emergence of the rubber tappers' movement whose objective was to create extractive reserves (Allegretti 2002; see also Rosendo, this volume) and social movements in support of indigenous rights (Fisher 1994). The proliferation of small-scale commercialisation is in many cases a result of a novel model of socio-environmentalism brought about by social struggles, which put local communities, their knowledge and traditional resource use at the forefront of development strategies. Current initiatives to foster community

commercialisation are supported by international initiatives, the Brazilian state and federal governments and especially by the actions of local and international NGOs (Becker and Léna 2002).

The expansion of company-community partnerships is also a product of trends in specific corporate sectors. Chief among these is the cosmetics industry which is progressively shifting from industrial to natural sourcing, from animal to vegetable-based products and which is increasingly adopting corporate social responsibility practices. High rates of growth in the sector—phytotherapies markets in Amazonia are growing by 12 per cent a year—also attract Brazilian and international cosmetics companies such as The Body Shop, Aveda and Ives Rocher. The pharmaceutical and food industry's interest in the Brazilian Amazon is also increasing. While none of the 250 most important pharmaceutical industries were engaged in either research or commercialisation activities in the area fifteen years ago, this is now the case for half of them (Enríquez 2001).

The Amazonian appeal to the global society is another important driving force behind the establishment of corporate-community agreements. As announced in the best selling Brazilian magazine *Veja*, the Amazon is now 'chic' and therefore sells well (Cavalcanti and Eichenberg 1998). Companies are therefore benefiting from Amazonian appeal and are using the region as their chief trademark.

The situation regarding NTFPs nonetheless contrasts with the timber sector. Community forest management of timber is still rare in Brazilian Amazonia and corporate-community agreements are even rarer (Vidal and Donini 2004). The reasons for this are unclear land rights associated with a lengthy and complicated process to secure land tenure (Lentini *et al.* 2003), the time it takes the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA; Brazilian Institute for the Environment and Renewable Natural Resources) or the Fundação Nacional do Índio (FUNAI; National Foundation for Indigenous Affairs) to approve management plans (partly due to a lack of expertise) and, last but not least, competition with illegal logging (Vidal and Donini 2004).

The A'Ukre-Kayapó and the trade agreement

The Kayapó are a group of about 4,000 indigenous peoples from south-eastern Brazilian Amazonia. The social organisation is based on nuclear and extended families, besides age sets which structure

society, subsistence duties, ritual and currently market activities (Turner 1979). The Kayapó are considered semi-nomadic due to their traditional involvement in treks for considerable periods of the year (Werner 1983). Trekking, however, is a shrinking practice in most villages.

The study site, A'Ukre village (Figure 7.1), is one of the two out of eighteen Kayapó villages that engaged in Brazil nut oil trade with the UK cosmetics' company, The Body Shop. It is also the only village to be still involved in the trading activities (Morsello 2002). The trade agreement was signed in 1991, following an invitation by A'Ukre village leaders to the company founder during the Altamira protest of 1989 (Turner 1995). With a population of about 230 people, A'Ukre controls approximately 310,000 ha within the 3.3 million ha of the indigenous territory *Área Indígena Kayapó*, which encompasses another five Kayapó villages comprising an overall population of 2,000 people (Figure 7.1) (Zimmerman *et al.* 2001). The village is very isolated—it can only be reached by small planes—and is 220 km, or an hour's flight away, from the nearest town of Redenção. No permanent roads lead to the village and rapids make fluvial transportation to local towns very difficult. Local conditions explain why the community is still only at the early stages of market integration and why new market activities may have a significant impact. Having adopted policies of social responsibility, the Body Shop created a specific department to organise trade with socially and economically marginalised producers. In effect, the company became a pioneer and icon of the revitalised fair trade movement, which progressively included more and more corporations. The agreement with the A'Ukre-Kayapó relates to the trade in Brazil nut oil, which is used to produce cosmetics.

Cash Income and Its Distribution

The Body Shop pays US\$ 35/kg for the oil produced in A'Ukre, a considerable premium price. When the agreement was established in 1991, there was no commercial price for the oil. In spite of this, the price was undeniably a substantial amount by local standards and far above the revenue the community could receive from selling nuts. After a decade, standard oil prices became available. For instance, the only industrial producer in Brazil by then, Brasmazon, sold Brazil nut oil at an average price of US\$ 8/kg in 2001 (Enríquez

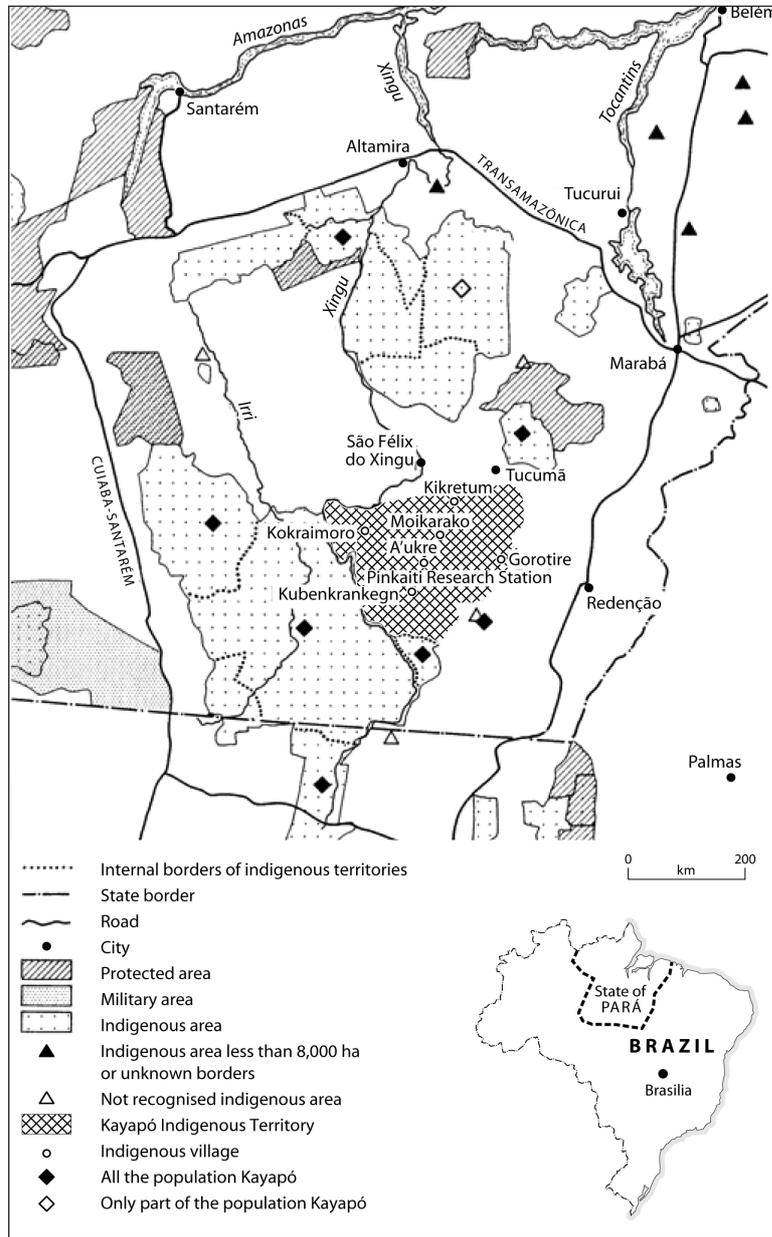


Figure 7.1 The Kayapó area in the state of Pará, Brazil.

et al. 2003). In another fair trade project in Peru, the Brazil nut oil price was US\$ 4/kg (Collinson *et al.* 2000). The amount paid in A'Ukre was maintained even when prices for unshelled Brazil nuts dropped by about 40 per cent in 2001 (Enríquez *et al.* 2003). When the Brazilian Real was devalued in 1999, the company tried to convert the payment into Brazilian currency, but dropped the idea at Kayapó's insistence. Consequently, the purchase power of the Kayapó with the same amount of Brazil nut oil sold has increased.

Incomes received from producing Brazil nut oil are therefore substantial if local conditions are taken into account. The amount of oil sold is, however, too small to increase incomes radically. In A'Ukre, The Body Shop arranged to purchase a maximum of 2,000 kg of oil per year. Although rather small, in practice the yearly production has averaged 1,500 kg and surpassed the 2,000 kg mark only once (in 1998), a year of both high Brazil nut productivity and access to temporary logging roads. The company purchased the excess production itself.

With regard to impacts at village level, an often-criticised aspect regarding trade deals with isolated indigenous communities is that new activities can contribute to local inequalities amongst individuals and households. This is an extremely important attribute since the surviving lowland Amazonian societies often exhibit pluralistic and egalitarian characteristics. In general, however, this is not the case with the Brazil nut oil agreement in A'Ukre. In the village, the majority (70 per cent) of adults over 15 years old received income from oil production in 2000–2001. The breadth of access to incomes derives mainly from the characteristics of both stages of oil production—collecting and processing—which rely on skills widely distributed and traditional to the Kayapó society and therefore allow a high rate of engagement.

Despite widespread access, Brazil nut oil incomes do vary (mean = US\$ 277; sd = 317; range = 0–1,388). These differences are a consequence of (i) how revenues are accounted for at different phases of oil production (collecting, shelling and processing); (ii) which sub-groups are allowed to work in each phase; and (iii) differences in payments according to age and sex. The community itself is responsible for these decisions. Women and youngsters are particularly disadvantaged. Fewer women receive income from collecting or processing than men (around 50 per cent of the women and over 85 per cent of the men) and their mean annual income of US\$ 110 (sd = 122;

$n = 60$) is US\$ 350 lower than that of men (US\$ 467; $sd = 350$; $n = 60$) (t -test = -7.4 ; $d.f. = 117$; $p < 0.001$). Gender differences derive from women being paid less per hour worked in some years, because payments during the collecting phase (US\$ 37 for a bag of collected nuts) are accounted for in the name of the male household head, or because men do not allow women to take part in the processing phase (grinding and pressing). In the case of distribution of incomes by age, one of the reasons for differentiation is the fact that teenagers tend to work less. However, the main reason is that they receive lower pay per hour worked. Age differentiation follows traditional local hierarchies since extra prestige and influence is granted to elders in the Kayapó society (Werner 1981). Despite slight differences, oil incomes are even able to reduce local income inequities produced by other income sources in A'Ukre (Morsello 2002).

Impacts on Traditional Activities

Cash incomes and their distribution are only one livelihood aspect related to trading with indigenous communities. Another important feature is whether and how trade interferes with other activities, particularly subsistence duties. This is especially important in the Brazilian Amazonian context because cash incomes from NTFP trade are usually seasonal and not high enough to allow for the abandonment of traditional subsistence practices, such as small-scale agriculture, hunting, fishing and gathering. The A'Ukre-The Body Shop partnership, as well as others similar agreements under fair trade schemes, have been established in remote locations, where the distance to markets and the transportation costs are too high for people to rely on industrial or imported food. Cash income is used for several purposes, including for the purchase of a certain amount of food that usually lasts only a few weeks, or for the purchase of other items such as clothes, guns, stoves, solar panels and glass beads. However, there is no real need to purchase food since the A'Ukre-Kayapó produce enough food and there are even food surpluses. They nevertheless became used to some industrialised or imported food products when introduced to them earlier by loggers and miners and they purchase them now mainly as 'treats' (Morsello 2002).

The Kayapó, like most other forest communities in Brazilian Amazonia, are therefore still subsistence-reliant and local conditions

mean this situation is unlikely to change. Engagement in new market activities can therefore produce changes that, besides altering traditional practices which are closely linked to cultural aspects, may put livelihoods at risk. In A'Ukre, despite the low levels of oil production, some indirect transformations in subsistence practices already appear to be working. For instance, it appears that households which put more effort into Brazil nut oil production, or which earn higher incomes from the activity are also those which clear larger agricultural plots (Morsello 2002). In this context, greater inputs into subsistence agriculture by some households come about most probably through abandoning the practice of gathering NTFPs for own consumption and increasing the time and energy spent on agriculture. At present levels of oil production, agriculture is not being harmed and may even become more important. However, there are indications that the situation may be different in years of high Brazil nut harvests. For instance in 1998, a year of very high Brazil nut productivity, involvement in oil production resulted in the abandonment of agricultural plot clearing by some households which lacked sufficient male labour to pursue both tasks. These families experienced problems later in the year, since the food they had purchased lasted for a short period and they had no access to sufficient agricultural products. Even when they do not inhibit plot preparation, delays in clearing or planting plots may represent a risk because the productivity of home gardens in tropical forests is largely dependent on plots being cleared well in advance of burning (Conklin 1954). There are indications that delays in clearing and planting may already occur in A'Ukre, as inferred by comparison with other Kayapó groups in the same region (Sousa 2000) or historical accounts (Dreyfus 1972). This problem therefore shows how particularly important the overlap in time is between the new market activity and the preparation (clearing or planting) of agricultural plots, with the latter being a seasonally dependent task in tropical forests.

In addition to transformations in subsistence practices, there are other cultural aspects that may be transformed by incorporating isolated indigenous communities in new market activities. In A'Ukre, another aspect which is apparently changing in households which put more effort into oil production is the amount of time dedicated to rituals, socialisation and leisure (Morsello 2002). These activities, particularly rituals and socialisation, are essential for the maintenance of culture and social bonds in indigenous communities. Hence, the

impacts of market activities on subsistence and culture depend on labour-time requirements, seasonality and how the very nature of the work differs from traditional practices. For instance, the phases of Brazil nut oil production differ in their impacts. Collecting nuts partially mirrors traditional treks undertaken by some South American indigenous groups, which are considered important for the maintenance of social structure and culture (Werner 1983), but which are a shrinking activity in most Kayapó villages. The collecting phase, therefore, tends to reinforce social bonds and strengthen Kayapó social structures and culture. The oil-processing phase, by contrast, is a more solitary and individualistic task in return for hourly payment and hence deviates from traditional practices and structures. It is nonetheless the phase that allows a value-added product—namely the oil—to be sold and therefore an increase in local incomes.

Partnerships and Power Imbalances

Corporate-community partnerships are being promoted as a mechanism that may overcome power imbalances between trade partners, as well as improve community organisation and trade skills (Clay 1992; Tallontire 2000). Some empirical studies have indeed shown that conditions for empowerment may be created (Mayers 2000; Goulart 2003; Vermeulen *et al.* forthcoming). On the other hand, the Brazil nut oil case allows us to highlight some problems and contradictions in this regard, when dealing with Amazonian indigenous groups.

In the Kayapó agreement, the company's top-down approach and excessive involvement and control has been widely criticised (for instance Entine 1994). In A'Ukre, responsibility for all the necessary inputs, equipment, transportation and management duties was indeed initially controlled by the company. However, following criticism by indigenous peoples' advocacy groups, the control of the operation was progressively passed on to the villagers, although without any greater effort being made as regards local training. Presently, the A'Ukre community is part of a multi-ethnic indigenous peoples' cooperative based in Altamira town which helps conclude the deal with the company and arranges the acquisition of inputs and transportation. This cooperative is, however, controlled largely by the government foundation for indigenous affairs, FUNAI. Control has

therefore in effect been transferred from the company to a third party, rather than to the community itself.

The Kayapó are famous for their self-organising capacity. They were, for example, able to influence the drawing up of the 1988 Brazilian Constitution. One may well ask what makes them less empowered in their relationship with a corporation? Clearly part of the answer is the uniqueness of the interaction: indigenous groups in remote areas are not accustomed to markets and the law of contract and have little experience in operating within them. They lack previous experience and organisational skills, but more importantly differ culturally from mainstream society and are located in remote areas, which further complicates the task. Furthermore, the Brazilian government has been treating indigenous communities paternalistically for decades, ever since the initial contacts were established. Consequently, several groups often demand a similar approach from outsiders and resist transformations which are only feasible in the long term. For instance, the Kayapó insistently ask outsiders to help them in an assistencialist way, which is detrimental to raising local levels of social capital.

The implementation of capacity building programmes may be important in recasting the power relationships. Capacity building programmes are often considered to be one of the great benefits generated by partnerships because they can represent a more secure and sustainable route to local development (Clay 1992; Vermeulen *et al.* forthcoming). Such programmes are, however, quite rare or inadequate within Amazonian partnerships. In the Kayapó case, for instance, capacity building was initially limited to teaching the phases of oil production and ignored managerial skills. When administration was passed on to the group, capacity building was restricted to teaching basic bookkeeping to only two community members. Consequently, the group did not acquire expertise that would allow them to enter into other trade agreements or to consolidate the production process.

There are two main challenges in delivering capacity building programmes in this context. The first challenge is to design programmes for diverse communities with unique forms of social organisation and culture. Special community characteristics, such as systems of collective production, sharing and risk avoidance are usually difficult to incorporate into capacity building programmes which focus on trading. In many cases, such programmes may produce cultural disruption

because they try to force indigenous groups to adapt to the logic of markets and mainstream society. In that case, some groups, such as the Kayapó, often resist. Second, corporations are unable and often unwilling to deliver capacity building programmes beyond the scope of their usual operations and NGOs or other organisations able to perform the role of brokers in such activities are scarce. Even experienced NGOs face similar challenges, since remoteness and local politics have hindered the development of representative organisations for several Kayapó communities, although they are increasingly important in other regions of Brazilian Amazonia.

Another aspect of trade deals with corporations which may lead to power imbalances concerns premium prices and single buyers, a common feature in partnerships. Premium prices are considered to be both a great partnership benefit (Clay 1997) and a potential cause of over-dependency because they are not conducive to attracting new buyers (Corry 1993). Single buyers are in turn seen as a threat because they can set prices and production levels, thereby increasing dependency and instability (Turner 1995). Indeed, in some Amazonian partnerships for NTFP, trade exclusivity (Goulart 2003) or rights of purchasing preference are common and these increase power imbalances between communities and companies. In the Kayapó case, for instance, there is no formal agreement of exclusivity, though after a decade no new buyers were incorporated. This is also the case in other settings, such as the Yawanawa (Waddington 2002) or the Médio Juruá Extractive Reserve. Exclusivity in this case is, however, more a result of reduced markets for NTFP-based products rather than of premium prices paid. Reducing premium prices would thus have little consequence in terms of multiplying potential buyers, while they bear the risk of producing greater cultural or subsistence impacts and eventually increasing market dependence and food security risks.

Forest Conservation Outcomes

The promotion of forest conservation is a driving force behind corporate-community agreements. However, contradictory and often offsetting results occur when establishing enterprises in order to foster conservation (Salafski *et al.* 2001). Three factors are particularly relevant in the context of Amazonian forests and indigenous groups.

First, although NTFP extraction is generally more benign than timber extraction, it has its own set of ecological dynamics and impacts. Fruit and seed harvesting, in general, and Brazil nut gathering, in particular, are frequently presented as sustainable by definition or as generally being exploited below sustainable yields. There are, however, several indications that harvesting may undermine the regeneration dynamics of natural populations, in particular of Brazil nut populations (Peres *et al.* 2003). Yet corporate-community agreements for NTFP trade in the Amazon generally lack monitoring programmes, as well as management practices that mitigate adverse ecological impacts. In the A'Ukre-Kayapó case, for instance, harvesting impacts are low at the spatial scale, since only a few Brazil nut groves are accessible and thus exploited by the community. However, the most exploited Brazil nut grove is already generating signs of alteration in Brazil nut population dynamics (J. Solorzano, pers. comm.), which may undermine harvesting in the long term. Similar trends have been reported elsewhere (Belcher *et al.* 2005).

A second commonly neglected aspect is the indirect transformation of traditional forms of resource use that are brought about by increased market integration. This aspect is important in the context of indigenous and other subsistence-reliant forest-based communities because markets are reported to reduce the sustainability of traditional practices (Godoy 2001). The A'Ukre-Kayapó case is a good example to examine in more detail. As mentioned above, there are indications that families putting more effort into oil production are clearing larger areas for agricultural plots. Those families receiving higher incomes from oil production tend to focus more of their time and energy on hunting and less on fishing (Morsello 2002). Although these transformations are rather unimportant in view of the very low human densities in the Kayapó area, they could reduce the sustainability of indigenous peoples' natural resource use practices in other localities.

A last and more important point refers to the ability of NTFP agreements to function as an alternative to more deleterious activities. Fair trade with indigenous groups was initially proposed as a means to provide an alternative income able to halt unsustainable activities (Clay 1992). In particular, the Kayapó deal with The Body Shop was promoted as being targeted at substituting logging and gold panning which were by then common in Kayapó lands. The initiative did not, however, accomplish this aim. Previous commentators

(Corry 1993; Turner 1995) criticised this potential and the company now recognises its failure (Roddick 2001). Mahogany logging has not ceased in A'Ukre and gold mining is not pursued only because gold is not found in the area in exploitable quantities, despite repeated experimental prospecting by invited gold miners. Three main reasons account for the failure. First, NTFP profits cannot come close to those obtained from mahogany logging or mining concessions (Corry 1993). Increasing oil production is furthermore not feasible since it would be achieved at the expense of subsistence activities. Furthermore, logging and mining concessions are not based on direct work and that is one of the reasons why indigenous communities appreciate them. Second, implementing economic alternatives ignores the fact that people might take up new activities as complements rather than substitutes. This is particularly important when dealing with activities based on royalty payments or concessions, since they do not implicate labour trade-offs. Thirdly, alternatives may fail to work because they benefit different subgroups within society. In the Kayapó case, for instance, logging mainly benefits leaders, while the poorer segments are the main beneficiaries of Brazil nut oil production.

Lessons Learned and Information Gaps

As Bray and Merino (2003) argued, globalisation has both winners and losers, who may sometimes be found within the same levels of society. The case of the A'Ukre-Kayapó presented here shows there is a positive aspect to globalisation in creating niche markets for NTFPs, which may induce sustainable forest management, while creating new opportunities for low-income producers. Similar conclusions have been reached elsewhere (Anderson and Clay 2002; Brondizio 2004). Prospects are, however, not all positive and there are both benefits and problems.

Amazonian NTFP markets are growing and are attracting a great deal of interest from multiple stakeholders, such as civil society, corporate sectors, governments and international organisations. Stakeholders are enmeshed in creating a new model of local development, involving not only local communities, but also the urban middle-class within and outside Brazil. Hence, the most important benefit observed is the creation of new income sources for communities, including remote Amazonian groups. A transformation in market logic

is making commercialisation possible, despite unfavourable local conditions, because a high symbolic and aesthetic content or the entire 'way of life' of communities is becoming part of what is being marketed (Nigh 1997).

New income sources from NTFP trade are, however, unable to raise livelihood conditions significantly (Neumann and Hirsch 2000). Income benefits are nevertheless higher than in the absence of partnerships with companies, similar to findings in partnerships for pulpwood (Mayers and Vermeulen 2002; Vermeulen *et al.* forthcoming). In order to raise incomes, a possible option is to scale up NTFP trading. However, this strategy does not appear to be feasible because increasing commercialisation brings about several problems. It may provoke increased dependence of indigenous communities on markets by impairing subsistence agriculture, but also occur at the expense of some cultural practices.

A number of promising solutions may be adopted at village or landscape level. At village level, product diversification within sector specialisation (for instance cosmetic oils) has been adopted with success in some settings (Anderson and Clay 2002). The association of several NTFPs or, in some instances, NTFPs and timber may enable labour trade-off problems to be overcome, while increasing income opportunities. In addition, paying premium prices rather than increasing dependency may act as a buffer against cultural and subsistence disruption associated with increased labour demands. Nevertheless, it remains to be seen how sustainable premium prices are. The cosmetics industry, for instance, which is the leading sector in markets for Amazonian NTFPs (Enríquez 2001), is based on permanent innovation and appeal. Amazonian biodiversity is an asset in this context, allowing for continuous diversification, while limiting environmental impacts to certain species. Yet, if the Amazonian appeal fades or if niche markets go mainstream, premium prices are more likely to be abandoned and the resilience of forest-community systems may be threatened. At landscape level, the horizontal integration of several communities may be the key to gaining access to other markets and to increase production volumes. The organisation of indigenous communities in remote locations is, however, made difficult by distance, as well as by internal politics of indigenous groups.

Newly created income opportunities may produce inequalities at local level which, in turn, threaten rather egalitarian indigenous

structures. Usually, however, evaluations treat communities as homogenous entities, neglecting their inter and intra-household differences (O'Faircheallaigh 1998). Commercialisation can nonetheless be a source of local inequities and thus disrupt community cohesion, although NTFP trade has been shown to provide relatively wide-ranging opportunities.

To realise income opportunities, several problems and constraints associated with the Amazonian indigenous context must be overcome. Location is the first barrier. Even substantive premium prices may not allow incomes to be raised to a level at which dependence on subsistence practices is avoided and this could therefore threaten a community's food security. NTFP production is in this context closely linked to the domestic economy, which is mainly aimed at subsistence. The domestic unit faces several challenges in the transition to more intensive production forms (Bray *et al.* 2002). In the remote conditions in which Amazonian indigenous groups live, labour demands for NTFP commercialisation are particularly detrimental when they overlap with labour requirements for subsistence agriculture.

Cultural barriers are also particularly important for Amazonian indigenous groups. Globalisation puts remote indigenous communities in contact with markets, while they lack not only the skills, but also the markets' logical frame of mind, which contrasts with their traditional economies of use. Problems are encountered particularly when combining the hierarchies required in an enterprise with some community notions of equality (Bray and Merino 2003).

Another major constraint is related to increasing community control over the trade operation and the establishment of a more equal relationship with companies. Taking over the production is difficult for illiterate communities and even more challenging for indigenous communities in the early phases of market integration, as the Kayapó case has shown. In other examples from the Brazilian Amazon, NGOs or even universities started out as intermediaries, but adopted a paternalistic attitude and also failed to empower communities or professionalise them. In other settings, forest communities adopted a different approach that proved successful in the long run. Professionalism was acquired in a transitional period by hiring professional managers, in association with new community structures to oversee management and guarantee the fulfilment of community aims (Bray and Merino 2003).

There are several challenges that need to be overcome in order to increase successful outcomes of corporate-community deals. Firstly, in relation to community control, it has been found that social capital accumulation is key to the success of operations and the empowerment of local communities (Bray *et al.* 2002). The role of third parties appears to be important, although we still need information on that aspect. Specifically, we need to study the transitional and end approaches that have proven to be successful in reverting paternalistic behaviours and in allowing the empowerment of communities and not only of third parties.

A second main challenge is to devise institutional requirements that are better suited to oversee corporate-community deals, while allowing for successful and sustainable relationships without putting an extra burden that may limit operations. Mayers and Vermeulen (2002), for instance, have shown the importance of endorsed formal contracts defining rules, responsibilities and rights of each partner, as well as structures of negotiation between companies and communities. These contracts and structures are, however, rather rare in the Amazonian context (but see Waddington 2002). It is argued that impartial brokers have a pivotal role to play while signing formal contracts (Warner 2003), though it remains to be seen who are the most appropriate brokers in the context of indigenous groups.

Structures that overlook deals are also important, but the appropriateness of government or voluntary institutions must be evaluated. Brazilian government structures dealing with environmental and indigenous affairs have proven to have limitations to fulfil the role. Third party certification may provide an alternative, although it is necessary to evaluate whether environmental certification or fair trade certification provide the best framework in the case of Amazonian indigenous communities.

In relation to forest conservation institutions, NTFPs are typically ignored by policy or are covered by forest regulations designed for timber management. No basic biophysical research has been done for most NTFPs, nor for the joint production of timber and NTFPs (Neumann and Hirsch 2000). Research is therefore needed on a number of products that are already being traded, as well as on which aspects forestry plans for NTFP extraction should focus.

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