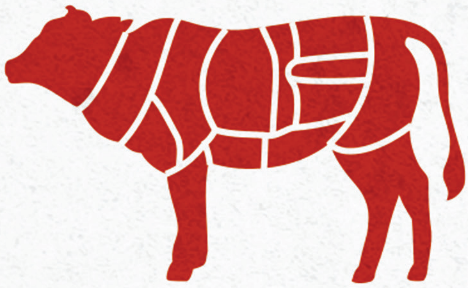
FEEDING INEQUALITY



THE HIDDEN COSTS OF BRAZIL'S MEAT INDUSTRY MONOPOLY

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RAISA PINA

GUIDANCE MEMO PREPARED FOR TINY BEAM FUND

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Staff

Research and elaboration: Raisa Pina
Research assistants: Amanda Segnini and Lucy Chandler
Proof reading: Saskia Zielińska and Zip Walton
Editing: Brian Cook
Art and design: CAMPO
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Abstract

This report critically examines the Brazilian meat industry, focusing on JBS, the world's largest food company, based mostly on processed meat products. **The central theme revolves around the stark contrast between JBS's exponential growth, fuelled by government policies and financial institutions, and escalating social inequalities in Brazil.** The report highlights how JBS's rapid expansion, supported greatly by public investments (with the expressed purpose of creating a "national champion"), has not translated into broader social progress. Key findings reveal a significant disparity between the high profits and executive compensation at JBS and the increasing rates of poverty and hunger in Brazil. The disparity is also evident within the company, where there is a growing gap between executive wages and the pay of factory workers. The report critically assesses the role of public and foreign investments in JBS against the backdrop of limited real social progress and concludes that the goal of building a "national champion" has fallen well short of creating a "champion nation". It also offers recommendations for policy changes and corporate practices aimed at achieving more equitable and sustainable outcomes from the industry.

Keywords: meat industry; national champion; public policies; social inequality; Brazil.

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About the Author

Raisa Ramos de Pina is a PhD researcher in Anthropology at the University of Brasília, Brazil. The study for this report took place whilst she was a Visiting Researcher at the Department of International Development at King's College, London (March - September 2023), and a Visiting PhD at the Latin American Centre of the University of Oxford (October 2023 - March 2024). Raisa's research explores the meat industry in Brazil and its interactions with the processes of globalisation. Her interests include development, political economy, agribusiness, and elites.

Key Takeaways

- The global meat industry has witnessed a meteoric rise since the 1960s with production increasing 402%.
- JBS is the world’s biggest meat processor with annual revenue of US $77 billion, contributing 2.1% to Brazil’s GDP and 2.7% of its employment. Its slogan is “We feed the world with the best”.
- In the last 20 years, US $6 billion has flowed to JBS in public finance through the Brazilian Development Bank (BNDES).
- BNDES holds a 20.8% stake in JBS. Foreign investors hold 11%.
- Over a hundred thousand workers at JBS earn around US $393 monthly, a third of what is estimated as a living wage in Brazil. Each of the five top JBS executives take home the equivalent of US $420,000 every month.
- The majority of the 400+ shareholders who attend the company’s annual meetings are against the executives’ high wages, but these wages continue to increase.
- Brazil ranks as the most unequal country in the world in terms of wealth inequality.
- Indicators of poverty and hunger have increased in 11 of 12 Brazilian cities where JBS is heavily involved (2013-2023).

1. Introduction

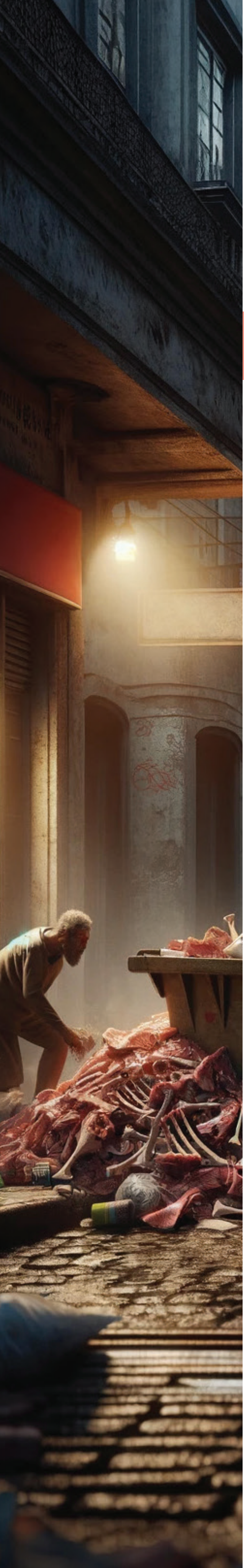
In Brazil, often celebrated for its vibrant culture, lies a titan of the global business arena: JBS, the world's largest meat processor. This behemoth, primarily a processed meat producer, has recently diversified into ready meals and other food products, marking a significant conquest of the global market over the past two decades. This expansion, initially sparked by government policies aimed at fostering "national champions", was further propelled by a coalition involving the controlling family shareholder, foreign states, the global financial market, and the Brazilian Development Bank (BNDES).

JBS's growth, underscored by a complex shareholder structure, is a testament to the strategic alignment of state and private interests. Notably, BNDES is the second biggest shareholder in JBS (20.8% ownership) and bank representatives sit on its board of directors. With an annual revenue of US $77 billion, contributing 2.1% to Brazil's GDP and 2.7% of its employment[1], JBS's financial footprint is undeniably vast. Yet, this does not reflect a proportional advancement in the nation's overall social or economic development which presents a paradox that this report will explore.

The irony is stark: despite JBS's slogan of "We feed the world with the best", it falls short in addressing hunger in its own homeland. By juxtaposing social indicators with corporate practices, this report unveils the distribution of income, social development, and the key players driving the growth of the Brazilian meat industry. The aim is to shine a light on the disparities that pose significant challenges to the nation's sustainable development. Taking Brazil as a case study, this report will expose the beneficiaries of the global meat industry's growth, explore the paradox of hunger in a nation home to the world's largest food company, and propose solutions to mitigate ongoing inequality in the country.

Four primary research questions will guide the analysis:

1. Who is benefitting from the major growth of the global meat industry, specifically in the context of JBS's expansion?
2. What are the social and economic implications of government-backed growth in the Brazilian meat industry?
3. How much funding is coming from donors to further intensify this industry?
4. What specific actions can governments, industry, shareholders, and advocacy groups take to mitigate the ongoing inequality in Brazil, considering the impact of JBS and the broader meat industry?



1.1. Methods

The world's largest meat processor is a sprawling giant that is the subject of a multitude of publications. These include academic studies, newspaper articles, environmental assessments, legal proceedings, and more. This report delves into the inner workings of the Brazilian meat industry, examining how it has been shaped by a combination of government policies, family interests, foreign influences, and the global financial market. Through a critical evaluation, we dissect the social and economic impacts of the industry over the past decade.

The research relies on three primary sources of data: corporate documents, government records, and key informant interviews. Corporate documents were gleaned from the company's official website, yielding insights from annual reports, shareholders' meeting notes, management plans, and voting records. These documents shed light on issues such as funding, profits, wages, and shareholder disputes. The Brazilian Securities and Exchange Commission (CVM) also provided valuable documents, including board meeting minutes, offering a glimpse into the inner workings of company governance.

Interviews were conducted with former and current JBS's administrators and managers, as well as lawyers, employees, union representatives, public servants, and politicians with ties to the industry. Due to space constraints, this report primarily focuses on the analysis of institutional documents, which nevertheless provide crucial data regarding the accumulation of capital and its impact on social inequality. Press reports were sometimes useful for contextualising and sequencing events involving the company.

All monetary figures in Brazilian Reais were converted to US Dollars using an exchange rate from January 2024 (US $1 = R$ 4.87).

1.2. Background

Since the early 2000s, the Brazilian government has significantly invested in the meat industry, aiming to establish a dominant position in the global market. This period saw substantial government backing not only for JBS but also for its competitors such as Marfrig, Minerva, BRF, Bertin, and Independência[2]. The latter two eventually were acquired by JBS[3], consolidating the Batista family's national dominance in the sector. Despite market fluctuations, Marfrig, Minerva and BRF also expanded internationally, aided by financial support from BNDES[4]. However, BNDES has since withdrawn its investments in these three companies.

JBS's success in Brazil's industrial meat sector stands out for two key reasons, both of which call for a closer examination in this report. Initially a modest family-run butchery in central Brazil, JBS has experienced an extraordinary rise, becoming the world's largest food company by revenue in the 2020s. Its dramatic growth is noteworthy, particularly within the context of support from BNDES. Unlike other food companies that received the bank's support, JBS uniquely maintains BNDES as both a shareholder and a board member. This ongoing relationship sets JBS apart in the industry, raising questions about the implications and dynamics of a partnership with a public institution.

This section delves into the broader implications of such government interventions in the meat industry, emphasizing the recurring themes of uneven development and social disparities. It presents JBS as a prime case study but extends its analysis to comparable situations in other low or middle-income countries (LMICs).

The narrative here is not merely about cause and effect but a deeper exploration of capital flows, governmental support, and the historical rationale of agribusiness expansion under the guise of combatting hunger. The focus is on the intricate power dynamics within Brazil's meat industry and their wider implications for social development, intending to unravel the complex interplay of corporate and governmental forces that finance cross-border capitalist ventures, often at the expense of genuine local progress.

The critical assessment of the Brazilian state's investment in JBS requires an understanding of the broader context in which national policies influence the meat industry. Globally, states have historically linked meat production with social development, often intensifying efforts to increase meat availability. This trend is exemplified by political figures such as US President Herbert Hoover[5] and, more recently, the Indonesian Presidential candidate Ganjar Pranowo[6].

In Brazil, the picture has been similar. At the end of 1995, then President Fernando Henrique Cardoso stated in an interview that "the chicken is the national hero"[7], referring to the consumption increase during his first term as the Chief of State. Lower chicken prices were taken as a successful indicator of his government[8]. More recently, during his presidential campaign, President Luis Inácio Lula da Silva repeatedly said that Brazilians need to go back to having barbecues regularly[9], suggesting that increased meat consumption is evidence of overcoming the economic crisis.

1.3. JBS: From Local Butchery to Global Conglomerate

JBS, founded by José Batista Sobrinho, exemplifies the transformation of a small local enterprise to a global industry leader. Sobrinho, even at age 90 today, remains a pivotal figure on the board, having started the company in 1953 in Anápolis, Brazil. Initially a modest butchery, JBS expanded alongside Brasília's construction, transitioning from processing a handful of cattle each day to becoming a major player in the global meat market. The company's growth trajectory is marked by diversification and expansion. After the acquisition of Seara in 2013, JBS enlarged its portfolio to include a variety of meats, ready meals, and other food products. In the past, it had already branched into non-meat sectors like hygiene products, banking, leather, and innovative ventures in plant-based and lab-grown meats.

Throughout its history, the Batista family has maintained significant control, owning a major share of the company (48.8%)[10]. Their influence extends through kinship ties within the company's leadership, where until 2013, all of Sobrinho's children had substantial roles. Despite controversies, such as the arrest of Wesley and Joesley Batista in a corruption scandal[11], the family's presence remains strong, with the next generation already positioned in key roles[12].

Crucially, JBS's governance structure reveals a deep entanglement of private family ownership and public influence. The company's board includes former and current government representatives, highlighting the Brazilian government's involvement beyond BNDES. This composition highlights the intersection of private enterprise and public policy in Brazil's meat industry, raising questions about the implications of such an arrangement for corporate accountability and national economic development.

In the 2020s, JBS solidified its status as a global leader in the meat industry. Recognised as the world's largest beef and chicken producer and ranking second in pork and salmon, JBS's influence extends across more than twenty countries, with its products consumed in over 190 nations. **The company's workforce exceeds 250,000 globally, with over half employed in Brazil[13].**

JBS is currently [early 2024] devising strategies to increase its market value, aiming to list its shares on the New York Stock Exchange[14], a move pending approval from its shareholders, and the US Securities and Exchange Commission (SEC)[15]. This ambitious goal is set against the backdrop of competing with major players like Tyson Foods. The following sections of the report delve into how JBS's international corporate expansion contrasts with the local developmental changes within Brazil from 2013 to 2023.

1.4. Why Examine JBS?

Among the many major global food companies, JBS's story and the context within which it exists make its critical examination a powerful case study to understand the role of governments, corporate power and a path forward to address social and economic inequalities. The JBS example is notable because:

- The unprecedented involvement of state apparatus in private sector activities demands scrutiny, particularly given its links to one large corporation;
- The extensive financial backing that the industry garners globally is striking;
- The agribusiness sector in Brazil has seen robust growth under the pretext of feeding an ever-expanding global population; and,
- The relentless expansion of this sector is a principal factor in climate change, meriting in-depth exploration.

Acknowledging that the meat industry is a major contributor to climate change, surpassed only by the fossil fuel industry in its emission of greenhouse gases[16], this study considers the specific context of Brazil. Here, the meat industry reigns as the dominant source of emissions and is inextricably linked with deforestation, human rights infractions, and wildfires, among other environmental crises[17].

Despite its negative environmental footprint, the meat industry has witnessed a meteoric rise since the 1960s. From 1961 to 2021, global meat production surged 402%, from 70 million tons to 352 million tons[18]. **Projections suggest that meat production could rise to 557 million tons by 2050, influenced by demographic shifts and anticipated economic developments affecting meat consumption patterns across various categories, including poultry, pork, beef, sheep, and other meats[19].**

This report does not place the blame for Brazil's social issues at the feet of a single corporation. Instead, it questions the "national champions" policy to understand its impact on the meat industry's social dividends for the Brazilian people. It contrasts Brazil's wealth accumulation with societal inequalities, highlighting the significance of these issues as the corporation aims to list on the New York Stock Exchange to further its growth.

Ultimately, the findings indicate that state policies and international financing of industrial agriculture are woven into the ongoing issue of social inequalities in Brazil. It becomes evident that policy directives in LMICs ought to favour alternative food systems over industrial models to cultivate a just and sustainable society. A paradigm shift is needed—away from existing business models towards smaller-scale initiatives capable of combatting hunger and poverty.

2. Where Does the Money Come From?

2.1. KEY TAKEAWAYS

- Brazil is a major player in industrial meat production, but it lags behind in terms of human development and reducing inequality.
- The exponential growth of the Brazilian meat industry has been chiefly a result of government policies that invested in, and prioritised, the sector.
- The Productive Development Policy (PDP), better known as the “national champions policy”, has played a crucial role in shaping the meat industry.
- BNDES has been instrumental in supporting companies in the meat industry, with JBS being a standout example.
- Foreign institutions and states also provided financial support to JBS’ expansion and many of them take part as shareholders.

Brazil is a top player in the industrial meat market, but it’s a different story when we look at its performance in human development[20] and reducing inequality[21]. We’ll dig deeper into this problem later on. For now, let’s focus on the money that’s fuelling the meat industry.

Against a backdrop of increased demand for meat, the Brazilian meat industry has grown huge, thanks to a mix of factors: a family’s business goal, government decisions, investments from other countries, and big banks from around the world. This section takes a closer look at each of these elements.

2.2. Brazil's Public Strategy to Boost its Meat Industry

To grasp the changes in Brazil's meat industry over the last ten years (2013-2023), we need to rewind and examine the nation's **industrial strategies** that propelled the sector forward. The insights of economists who led the Brazilian Development Bank during the "national champions" era shed light on two pivotal investment programmes[22]:

- The Industrial, Technological and Foreign Trade Policy (PITCE)
- The Productive Development Policy (PDP)

In 2003, President Luiz Inácio Lula da Silva, widely known as Lula, launched PITCE, marking a renewed focus on industrial development. A key goal was to strengthen Brazil's role in global trade. **PITCE was active until 2007, after which it evolved into the PDP.**

From 2008 to 2010, during Lula's second term, the meat industry received a significant boost. The PDP became famous as the "national champions policy"[23]. Its ambition was not just to invest across sectors but also to push Brazilian companies onto the international stage to bolster economic growth and trade. A central aim was to carve out a larger slice of global exports for Brazil, creating worldwide market leaders.

The meat industry, already backed by government funds since the 1990s, was poised for success. From 1993 to 1997, BNDES had increased funding for slaughterhouses. Yet, the real surge came in the 2000s with PITCE and the subsequent PDP[24], rejuvenating the country's industrial and innovation policies. Under the PDP, the meat sector was a priority along with a few selected sectors[25], with ambitions to elevate Brazil's standing in global trade. **Two main objectives were set by the government:**

- Achieving global dominance
- Capturing new markets

To put these plans into action, BNDES became a critical financial arm for the government, supporting sectors poised for international competition. The bank's involvement with the meat industry was tightly connected to the goals of the PDP.

2.3. The Pivotal Role of the Brazilian Development Bank

BNDES has been a key player in backing various companies within Brazil's meat industry, and JBS is the standout success story. The bank's support helped JBS to dominate globally through a strategic focus on expanding internationally and diversifying across regions.

The loans from BNDES came with appealing terms, offering interest rates around 8.5% annually for innovation projects, which is quite competitive compared to the maximum 13.6% rate for other activities. In contrast, rates from other financial institutions typically ranged from 14% to 22%[26].

Starting in 1974, BNDES began to invest in ways that would foster the international growth of companies, aiding the then-emerging capital market in Brazil. It also aimed to bolster corporate governance and transparency[27].

Economists regard BNDES as one of the world's leading development banks, on par with Germany's KfW, China's CDB, and Korea's KDB, especially in terms of its assets, equity, and the volume of money it lends. As a public entity, it aligns with state policy, focusing on providing financial support through loans or investments in select sectors[28].

Understanding BNDES' Role

Established in 1952, the Brazilian Development Bank has long been instrumental in advancing the country's industrial sectors. Its purpose is to improve the lives of generations, promoting economic, social and environmental development[29].

"The institution's missions are primarily related to the SDGs" [Sustainable Development Goals], aiming to "provide jobs, productivity, and competitiveness, thereby contributing to promote 'decent work and economic growth' and 'reduced inequalities'"[30]. In fact, social development appears in the banks real name in Portuguese, *"Banco Nacional de Desenvolvimento Econômico e Social"*, which translates as the National Bank for Economic and Social Development.

2.4. BNDES and JBS

2.4.1. KEY TAKEAWAYS

- BNDES played a crucial role in supporting the growth of JBS in the 2000s and early 2010s, providing significant credit for its international expansion.
- BNDES's backing of JBS extended to the political arena, providing the company with significant leverage in negotiations and opening doors in diplomatic circles.
- It is crucial for the public to scrutinise whether the state's investments in companies like JBS align with Brazil's broader socio-economic interests.

In the 2000s, the Brazilian Development Bank played a pivotal role in funding the growth of JBS, facilitating its first foray into the international arena with the acquisition of Swift Argentina in 2005. The bank provided half of the necessary credit for this deal, setting a precedent for future support[31].

Within just a year, JBS had grown to become the largest meat producer in the Mercosur trading bloc[32]. BNDES's backing didn't wane, even as JBS made its initial public offering on the São Paulo stock exchange in 2007. It was this continual financial support that allowed JBS to break into international markets.

Initially, JBS used BNDES's support for diversifying its geographic reach and product line within Brazil. This later extended to other South American countries, the United States, and Oceania. With the bank's help, JBS not only expanded internationally but also diversified its products beyond raw beef.

The 2008 global financial crisis saw many meatpackers facing bankruptcy, but JBS leveraged the situation to acquire struggling businesses. With BNDES's support, it purchased several large competitors, including Smithfield Beef and Pilgrim's Pride Corporation in the US, and the Brazilian firm Bertin in 2009.

BNDES's support extended into the political arena. The Brazilian government's backing provided JBS with significant leverage in negotiations, opening doors that were previously closed to the then relatively unknown Batista family[33].

By 2009, BNDES had acquired a 33% stake in JBS[34]. Today, the bank holds a 20.8% share, making it the second-largest shareholder. Yet, BNDES is only one among many financial institutions with a vested interest in JBS's success. The bank's strategy has consistently favoured expansion, acquisitions, and the global spread of the meat industry. Given this, it is crucial for the public to scrutinise whether the state's investments in companies like JBS align with Brazil's broader socio-economic interests.

The actual social impact of these investments in Brazil will be examined in the next section. For the moment, it is essential to recognise the various financial supports that have buoyed JBS in the past decade.
The prosperity of the meat industry is not solely a product of state backing. It results from a collaboration among the controlling family, foreign states, and international financiers, all contributing to a transnational capitalist network.

Sources of BNDES Funding

There have been several different sources of funding for BNDES over the years[35]:

- Until 1960: the federal budget;
- 1970: an earmarked parafiscal-fund (forced savings) established by the military regime;
- 1988: the Worker's Assistance Fund (FAT), created by the Federal Constitution as unemployment insurance. 40% of the FAT would be allocated to BNDES;
- 2009: the National Treasury added grants to BNDES via long-term loans (50 years);
- 2023: the FAT and National Treasury are responsible for 63.6% of all funding to BNDES. The rest comes from external sources, repurchase agreements, the Severance Pay Fund, and net worth[36].

2.5. The Market Manoeuvres

In 2007, JBS became the first meat company to offer shares on the Brazilian stock market, raising R$1.6 billion (about US $800 million at the time)[37]. The prior backing of BNDES served as a mark of trust for global investors, sparking a rush to buy shares in anticipation of substantial returns. Over the past decade, an average of 426 shareholders have gathered annually to make decisions and share in the company's profits[38]. **Despite JBS's public message of feeding the world quality products, the underlying aim seems more aligned with enriching investors.**

The stock market played a crucial role in JBS's rise to the top. BNDES figures show that between 2007 and 2013, 80.7% of JBS's funding came from the stock market – a staggering US $4.8 billion, dwarfing BNDES's contributions for the same period (19.3%)[39]. The company's revenue and acquisitions notably increased after this influx of capital.

The only significant financial setback for JBS came with the 2017 corruption scandals amidst Brazil's political turmoil and the subsequent economic downturn. The Batista family's involvement in corruption led to reduced profits for the company, prompting BNDES to withdraw any new financing, though it remained a shareholder and on the board of directors.

JBS's strategy to rebuild confidence involved a pivot toward sustainability and the hiring of executives with international government experience. In 2022, Michael Koenig, a former U.S. federal prosecutor, joined as the Global Chief Ethics and Compliance Officer. The following month, Jason Weller, a former chief of the USDA's Natural Resources Conservation Service, took over as the Global Chief Sustainability Officer[40].

This emphasis on sustainability drew record attendance at the 2023 annual shareholder meeting, attracting representatives from major pension funds and financial institutions worldwide. Yet, despite a primarily national shareholder base, few Brazilian names were present, hinting at a possible shift in ownership dynamics.

The company is now [early 2024] pushing for dual listing on both the São Paulo and New York stock exchanges to "unlock value," a phrase that raises questions about why an already sector leading global giant needs to raise more capital[41]. **This is all the more troubling as later sections of this report will show how little of this money flows to workers or efforts to improve the lives of the Brazilian population as a whole.**

2.6. Global Crises Lead to a JBS Buying Spree

JBS has prioritised growth through strategic acquisitions, seeking out established companies to expand its global footprint rapidly. This approach has proven lucrative for shareholders, with more details to follow in the upcoming chapter.

The company's acquisitions often target undervalued businesses with good brand recognition. The turnaround strategy typically involves cost-cutting, which often results in job losses and corporate restructuring[42]. **This aggressive expansion was fuelled by both the 2008 and 2020 financial crises,** which allowed JBS to absorb struggling competitors and boost profits.

In the last ten years alone, JBS has acquired 44 companies, expanding its reach across the USA, Australia, the UK, and the EU. The Covid-19 pandemic presented unique opportunities, particularly in Europe, where JBS snapped up firms in Spain, the Netherlands, and Italy. These regions offer not just economic power but also act as trendsetters with stringent meat industry standards, adding to JBS's global prestige.

Strategically, the UK and the Netherlands hold particular importance for JBS – the UK for its global influence and the Netherlands for its significant commodities port and favourable corporate laws. JBS is also considering relocating its controlling holding headquarters to the Netherlands as part of its plan to list shares in the US[43].

As we witness JBS's rapid expansion, it is imperative to question where the raised capital is flowing and who truly profits from the industry's success. The subsequent section will dissect these financial trajectories and their beneficiaries.

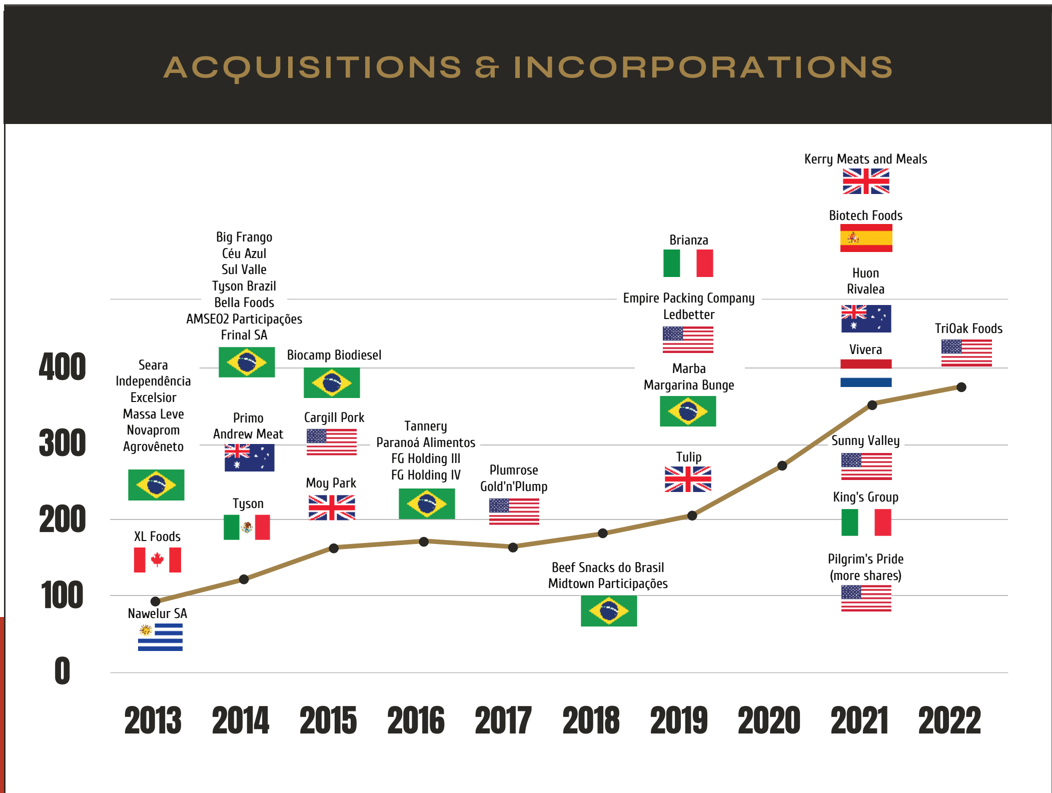


Figure 1: Acquisitions and incorporations (2013-2023) Vs. Annual revenue (billion reais).
Source: Author's elaboration from the JBS Annual Reports (2013-2022), minutes of shareholder meetings, minutes of board of directors' meetings, JBS presentations to the market and market press.

3. JBS's Enormous Wealth: Where Does the Money Go?

3.1. KEY TAKEAWAYS

- JBS's annual income surpasses the GDP of twenty Brazilian states, accounting for nearly 40% of the national population.
- Five JBS executive officers currently earn an equivalent of US $420,000 per month each, with this figure consistently on the rise.
- Factory workers, on the other hand, typically earn a modest monthly wage estimated at approximately US $393.
- Despite widespread shareholder opposition, including from BNDES, administrator wages continue to increase without successful pushback.
- Approximately 70% of the company's annual profits are allocated to corporate reserves, earmarked for future acquisitions.

3.2. JBS Revenues Versus State Economies

Over the past twenty years, JBS has amassed funding of nearly US $25 billion from a consortium of financial institutions that reads like a "who's who" of global finance, including prominent entities like BNDES, the Bank of China, and the Royal Bank of Canada, among others.

The scale of JBS's wealth is such that it overshadows the economic output of most Brazilian states. To put this into perspective, **JBS's revenue surpasses that of 20 out of Brazil's 27 federal states, which together house a population exceeding 78 million – over a third of the entire country.** The comparison with state GDPs from the latest available data in 2021 paints a stark picture of the company's financial clout.

This immense accumulation of capital prompts the question of its ripple effect on local economies and development. Considering JBS's extensive benefit from national policies, one might expect that its wealth would contribute significantly to local economic growth and community development.

BRAZILIAN STATES GDP AND JBS REVENUE

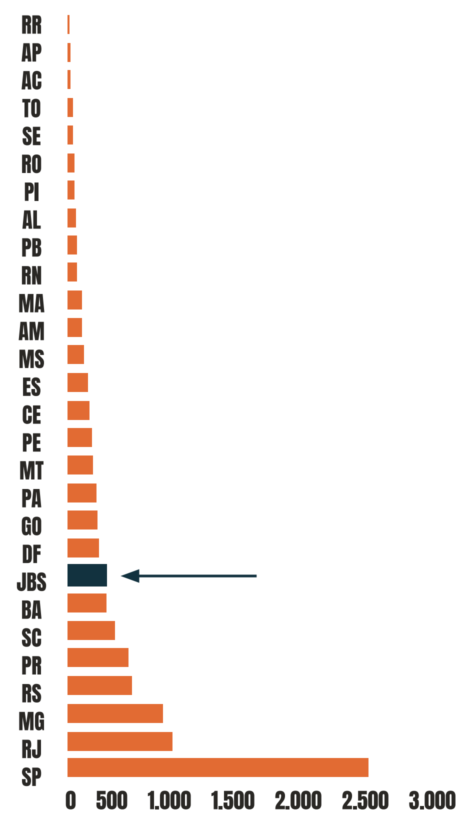


Figure 2: Brazilian states GDP and JBS revenue (in billions of Reais).
Source: Author's elaboration from IBGE 2021 and JBS Annual Report 2021.

3.3. Dissecting Executives' Wages

The social benefit touted from BNDES's investment in JBS was the creation of employment opportunities. Yet, when examining the pay scales, particularly for those at the top, we find a narrative of disparity. JBS's executive compensation is purportedly based on market research, yet the lack of transparency raises questions. In 2023, adjustments were made in line with the INPC (National Consumer Price Index), ostensibly to protect the purchasing power of workers against inflation, targeting the basket of goods for those with the lowest wages[44].

The remuneration structure at JBS is multi-faceted. Executives enjoy a combination of fixed salaries and performance-based incentives, with the latter making up 77% of their pay, reflecting the company's profits and personal performance metrics. In contrast, board members only recently began receiving variable income, which now accounts for 7% of their annual pay.

To understand the magnitude of the wage gap, we've calculated the average monthly earnings for comparison. While there is a natural variance in executive pay, the overall trend is clear: **there exists a vast gulf between the earnings of those who govern the company and those who operate its machinery.**

This chasm is more than numerical. It is a reflection of the broader socio-economic divides within the corporation and, by extension, within Brazilian society. As we venture further into the intricacies of JBS's financial dynamics, these wage disparities raise critical questions about the equitable distribution of wealth generated by such a powerhouse in the meat industry.

At JBS, over a hundred thousand workers earn a modest US $393 per month[45]. Compare this with the nine board members who take home around US $13,000 monthly, and five top executives who receive the equivalent of over US $420,000 each month. For 2023, there's a plan to bump executive salaries up to about US $869,000. The trajectory of executive pay at JBS has seen an exponential climb, especially following the corruption scandals that emerged in 2017. The pattern of salary hikes for executives is stark, with significant leaps post-2017 and again after the 2020 Covid-19 pandemic. Notable points include:

- A staggering 2,000% increase in administrators' wages over the last decade[46];
- A 229% salary hike for administrators in the year after the corruption scandal (2017-2018);
- A 53% raise for executives following the pandemic (2020-2021).

In contrast, the company's salary policy caps workers' wage increases at 10%, and only in case of promotions, highlighting the stark disparity in compensation growth.

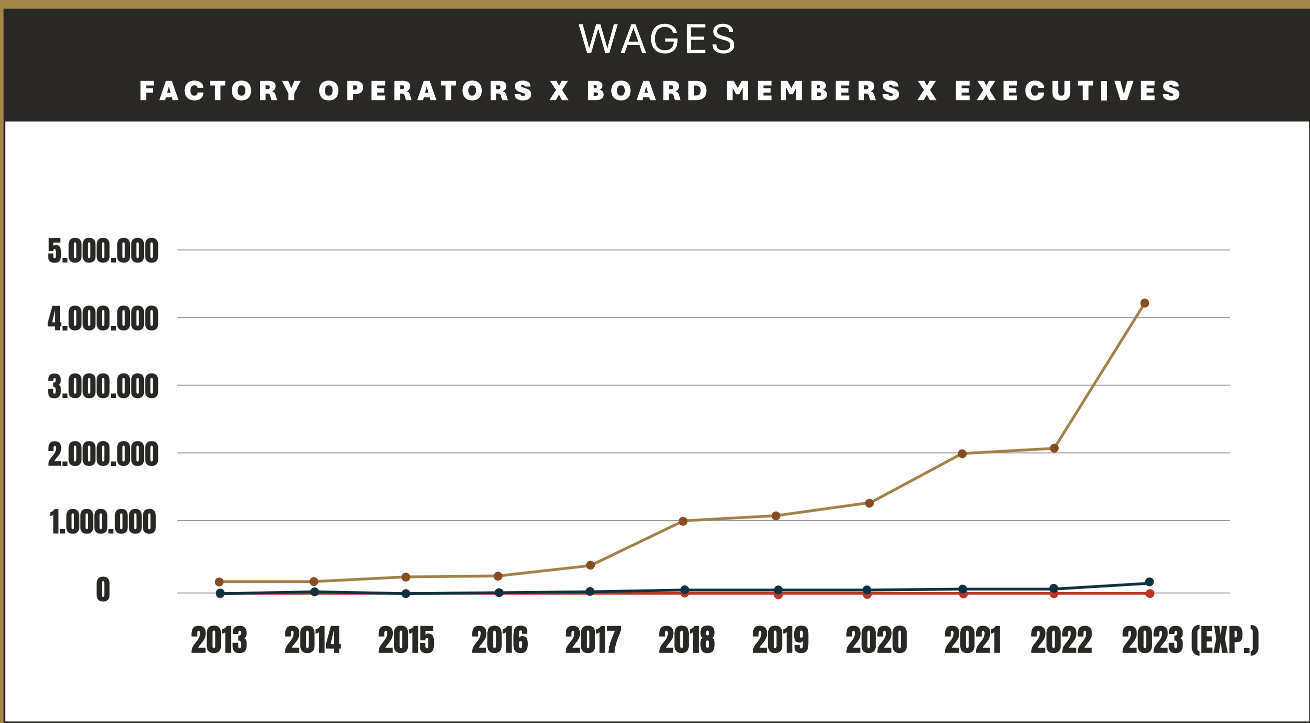


Figure 3: Wages of executives, board members and factory workers (2013-2023).
Source: Author's elaboration from JBS Management Proposals and collective bargain agreements.

5 executives
US $424,000/ MONTHLY

9 board members
US $13,000/ MONTHLY

113 thousand workers
US $393/ MONTLY

Shareholder meeting records reveal a growing dissent over executive pay. Since 2019, about 40% of shareholder votes have opposed the proposed salaries for administrators, a significant increase from the approximate 2% dissent observed in previous years[47]. Given that the controlling group wields nearly half the voting power, it seems a majority of shareholders would prefer more modest administrator wages. **BNDES, once a key supporter, registered its disapproval in 2018, denouncing the excessive salaries compared to market standards[48].**

BNDES's stance suggests a benefit of having a public bank within the company. It can have a pivotal role in providing checks and balances, influencing fiscal scrutiny, and media vigilance over JBS's operations.

3.4. The Other Side of the Coin: Shareholder Gains

Apart from the executives, shareholders have consistently gained from JBS's profitability. Profits rose steadily from 2013 to 2016 but took a hit following the company's involvement in corruption scandals. After a couple of lean years, profits soared again during the Covid-19 pandemic and have continued to rise.

In both 2022 and 2023, JBS distributed out US $1 billion in dividends. According to the company's own policies, at least 25% of profits must be shared with shareholders. Yet, in the post-pandemic period of 2021, the distribution reached 54% of profits, and in 2023, they gave out 33%.

This financial overview paints a complex picture of JBS, with profound implications for both its workforce and investors. The company's remuneration policies and profit-sharing strategies have favoured the executive ranks and shareholders, raising questions about equity and the distribution of wealth generated from its global operations.

3.4.1. Who Are the Shareholders?

The JBS annual meeting has consistently attracted a diverse array of shareholders over the last decade. Notably, there has been significant participation from foreign states, international banks, environmentally harmful corporations, religious organizations, American universities, and numerous pension funds, with a substantial portion coming from the United States.

Currently, 89% of JBS's capital remains Brazilian, largely held by the Batista family and the Brazilian government, together accounting for 70%[49]. This leaves 19% in the hands of other Brazilian minority shareholders and 11% with international investors, of which 8.3% is American capital.

SHAREHOLDER STRUCTURE

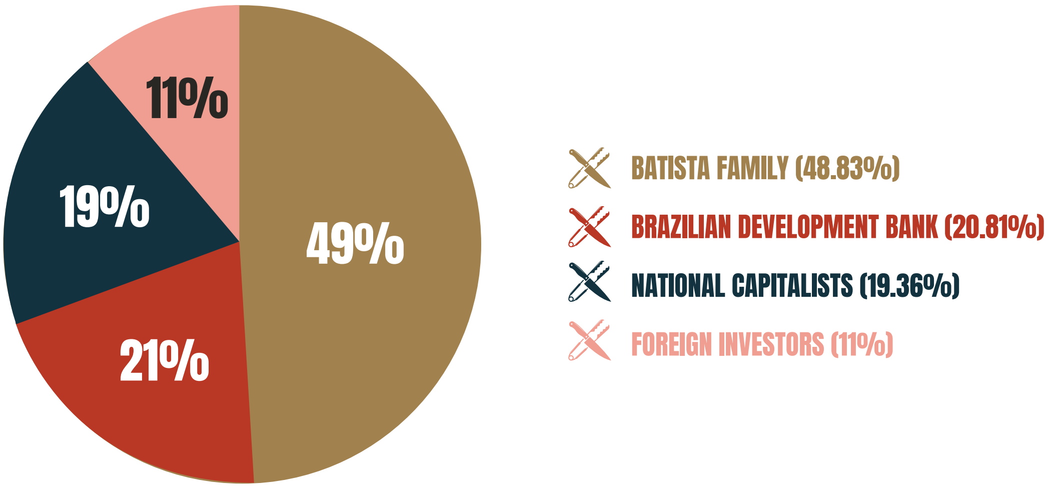


Figure 4: JBS Shareholder Structure. Source: Author calculations based on JBS[50] and Bloomberg Professional data[51].

The international investor group, though in the minority, could expand if JBS succeeds in its intention to list shares on the New York Stock Exchange – a move aimed at drawing more international investment. This plan is pending shareholder approval at an upcoming annual meeting yet to be scheduled.[52]

Despite the minority share of international capital, the level of interest from the US market is significant. In stark contrast to the lack of Brazilian state investment, **thirteen US states have stakes in JBS (see Appendix 2). Additionally, numerous American public service pension funds, covering sectors such as police, firefighters, and education, have investments in the company.** It's worth noting that the individual workers contributing to these pensions may be unaware of their funds' investment choices.

From 2013 to 2023, the shareholders' meetings were mainly attended by pension funds and financial giants like **Goldman Sachs, European Central Bank, and the Bank of China,** alongside a selection of Brazilian banks. Big names in agribusiness and the market, such as **Caterpillar, Dreyfus, Shell, and the Rockefeller Foundation,** are also involved, as are foreign government entities like the **Monetary Authority of Singapore and the New Zealand pension fund.**

Private retirement funds from global companies, including the **United Nations, Ford, and Boeing**, have stakes in JBS, as do **several religious institutions and prominent universities.** Interestingly, Brazilian universities and states are absent from this list.

This patchwork of stakeholders underscores the global financial ties and varied interests converging within JBS, painting a picture of a company with a broad and influential financial ecosystem. As JBS navigates its potential New York Stock Exchange listing, the composition and influence of its shareholders – ranging from global financial institutions to public servants' pension funds – may shift, potentially altering the company's governance and priorities.

3.5. Most of the Profits are Reserved for Expansion

At the helm of JBS's financial decisions are its shareholders, who wield the authority to greenlight the board's strategic proposals, appoint or remove company leaders, validate financial statements, alter corporate bylaws, set managerial pay, and make calls on acquisitions. A key aspect of their governance is the decision-making process regarding the distribution of profits.

A significant portion of JBS's earnings is earmarked for expansion, with about 70% routinely channelled into the Statutory Reserve for future growth. Additionally, a legal reserve is maintained, which receives 5% of annual profits[53]. This practice of prioritising reserves for reinvestment reflects a focus on capital accumulation.

These financial strategies merit close examination, especially given the industry's self-proclaimed role in tackling global hunger. The ethical implications of this accumulation are vast, prompting a reassessment by those shaping global policies and by the investors supporting these industries.

Despite this wealth, there's little to show in terms of Brazil's social advancement, particularly when looking at hunger and poverty rates.

JBS's contribution to social betterment through employment opportunities, which could help reduce inequalities, has been underwhelming.

4. JBS's Wealth

Brazil's Unresolved Social Issues

4.1. KEY TAKEAWAYS

- JBS's 303% revenue increase (2013-2023) has not translated into improved social conditions in Brazil, contradicting the expected benefits of economic growth.
- Over the same period, there has been a 50% increase in demand for government social assistance, pointing to increasing poverty.
- In areas where JBS operates, there has been an increase in reliance on government assistance, indicating growing poverty and hunger despite the company's financial success.
- Wages within JBS show significant disparities, with factory workers earning below a living wage, exacerbating social inequality.

From 2013 to 2023, JBS experienced a staggering 303% increase in annual net revenue. Given the significant public funding that spurred its rise, one might expect a corresponding improvement in Brazil's social conditions. However, the reality of hunger, poverty, and employment in Brazil, especially in areas where JBS operates, tells a different story.

Internally, JBS's commitment to addressing global food insecurity seems superficial at best. **Analysis of 171 board meetings over a decade reveals that only one meeting briefly touched on the topic of food provision[54].** In that meeting, CEO Gilberto Tomazoni's statement about JBS's role in preventing protein shortages during the pandemic stands in stark contrast to the company's overwhelming focus on profits, financial strategies, acquisitions, and, less frequently, sustainability plans.

In the company's annual reports, they endorse the UN Sustainable Development Goals (SDG) and support for ending hunger, poverty reduction, decent work, and reduced inequalities[55]. In corporate speeches, the CEO often reinforces the need to reduce hunger globally and reshape the future of food[56].

4.2. Low Wages for Factory

JBS is a significant employer in Brazil, providing jobs for 151,000 people, equating to 2.7% of national employment[57]. Yet, this optimistic portrayal often fails to address the quality of these employment opportunities and the adequacy of the wages provided.

While the administrators' wages are disclosed to shareholders and approved every year in their annual meeting, the factory workers' wages are not publicly available. However, there is some information the company gives in their annual reports to help estimate the figures.

The company's annual report states that 94% of work contracts were made by collective bargaining agreements. With this information, it was possible to track work agreements of twelve states out of sixteen where the company has factories. In Brazil, bargaining agreements in the meat and food industry are commonly defined by states rather than by categories. **The more up-to-date salary figures range from US $ 275 to US $ 393 per month.** All of them set values close to Brazil's official minimum wage (US $ 270/ month).

By the Federal Constitution, no worker in Brazil can earn less than the minimum wage. However, the minimum value is still considered low even for national standards[58]. Previous research has shown that the minimum wage in Brazil was a public policy to address extreme poverty in the country but falls short of actually providing anything close to a living wage for most lower income households[59].
This means that even the higher wage of the collective bargaining agreements is still not sufficient for a decent life for many workers.

In Brazil, the Department of Statistics and Socioeconomic Studies (Dieese) plays a pivotal role in tracking the adequacy of wages for a decent standard of living. As an independent, union-funded research body, Dieese has a record of providing a more objective view of the economic landscape. Their analysis reveals a stark reality: a true living wage for a Brazilian in 2023 should be US $1,290/ month[60].

The figure takes into account the everyday context of Brazilian workers based on the increasingly high cost of food, housing, transport, and other regular expenses needed for a decent life. The Dieese figure is four times higher than the actual minimum wage and the salaries paid by JBS. The discrepancy raises critical questions about the economic structures that perpetuate poverty and underscores the urgent need for a re-evaluation of wage policies.

4.3. Growing Poverty and Hunger in JBS Communities

Externally, the social impact of JBS's financial success is equally questionable. In regions where JBS has a significant presence, there has been a noticeable increase in reliance on government assistance programs such as *Bolsa Família*. While JBS's financial growth eclipses the GDP of many Brazilian states, its wealth has not trickled down to improve the living conditions in these areas.

The *Bolsa Família*, despite being the largest income transfer programme in Brazil, recognised for having lifted millions of families out of hunger, only provides limited financial assistance. The programme is only granted to families whose monthly per capita income is US $44. To these families, the government offers a subsidy of US $141 per family per month.

The number of families relying on *Bolsa Família* jumped from 14 million in 2013 to 21 million in 2023, a 50% increase in demand for government support. A detailed examination of twelve cities where JBS is heavily involved highlights the disparity between the company's growth and local social development. While JBS operates in 130 cities across Brazil, the full list of cities is undisclosed, complicating efforts to comprehensively evaluate their local impact. An in-depth analysis of twelve cities, frequently cited in JBS's annual reports as key operational locations, reveals a stark contrast between the company's expansion and social development in these areas.

Only São Miguel do Guaporé (state of Rondônia, North region) showed a decrease in the number of people receiving social assistance. **The remaining eleven cities saw increased registrations in *Bolsa Família*.** The rise in government assistance requests can be viewed as a direct indicator of growing poverty and hunger. In Lins (state of São Paulo), where JBS operates its largest meat plant, *Bolsa Família* registrations rose 51%. In Goiás, where JBS first began its operations, cities like Goiânia and Mozarlândia also reported increases in hunger rates, with Goiânia's rate soaring 162%.

The picture of income inequality in Brazil, as highlighted by the World Inequality Database, remains bleak[61]. Despite the nation's overall wealth increase, the top 10% of the population holds a disproportionate 59% of the national income, while the poorest 50% of the population has only 10% of the wealth.

Brazil also has a regressive tax system, predominantly focused on consumption and services rather than income, where the tax rate is uniform across different income levels. This structure disproportionately burdens the poorest 10% of the population, where approximately 26% of their income goes to indirect taxes, in contrast to the wealthiest 10%, where the figure is only 19%[62]. The regressive nature of Brazil's tax system means that lower-income individuals bear a heavier tax load relative to their earnings. For example, the tax embedded in the price of a mobile phone can represent up to 40% of its retail cost, equating to a much larger portion of a worker's wage compared to that of a wealthier person. Brazil stands out internationally for its high level of consumption taxes, with rates that can vary from 27% to 34%, triple the level of the United States in some cases[63].

The absence of progressive taxation and agrarian reform are key factors perpetuating inequality in Brazil. The absence of taxation to redistribute wealth accompanies other sorts of privileges afforded wealthy elites. For example, in December 2023, the Brazilian Supreme Court suspended a US $2 billion fine that the controlling group of JBS had been ordered to pay following a 2017 corruption case in which the Batista family admitted guilt[64]. The Court Minister who passed the sentence, Dias Toffoli, is married to the lawyer who defends the JBS family, leading to allegations of political involvement in the decision.

In summary, JBS's remarkable financial growth has not translated into meaningful social development in Brazil. The disconnect between corporate wealth and public well-being raises important questions about the responsibilities of large corporations like JBS and the effectiveness of government policies in ensuring equitable development.

4.4. Perpetuating Disparity

Given the substantial support JBS has received over the past decade from public finances, the lack of corresponding social improvement is stark. The influx of capital has been largely concentrated among executives, shareholders, and corporate reserves, prioritising further expansion and generating profits. This focus contrasts sharply with the ongoing social challenges in Brazil.

Despite the meat industry's growth, there has been no notable reduction in hunger and poverty. Social inequality remains deeply entrenched, and while job creation through the acquisition of struggling subsidiaries has occurred, it has predominantly led to low-paying positions.

4.4.1. Facing a Challenging Future

Beyond the critical environmental issues associated with the meat industry, particularly in Brazil's rainforest and savannah regions, there lies a more profound concern – **the concentration of capital.** Despite JBS's claims of environmental improvement, which attracted more investments, significant economic inequality and unequal political access remain unaddressed.

Some initiatives have been launched to move toward zero carbon emissions and eliminate deforestation from the supply chain, but they do not tackle the deep-rooted issue of class disparity that hinders Brazil's development. Despite the industry's claim of social responsibility in combating hunger, the reality is that it is fundamentally a capitalist enterprise. It thrives on crises and contributes to social strife, showing limited concern for actual social development beyond its public narrative. While JBS has initiated various social projects within the corporation, including donations, environmental programmes, and educational initiatives, these efforts seem insignificant compared to the company's vast economic influence. The impact of these initiatives appears minimal, both on large and small scales.

Evidence suggests that social and economic crises fuel the meat industry's growth, leading to increased acquisitions, profits, and dividends for investors, along with higher salaries for top executives. However, the wages of factory workers remain below a living wage.

Moreover, the impact of these jobs on local communities where JBS operates is ambiguous. In several areas with JBS plants, poverty and hunger rates have not improved, and in some cases, they have worsened. This situation raises critical questions about the real benefits of public finance going to support corporate growth.

This analysis highlights a disconnect between the economic success of Brazil's meat industry and the broader social and economic development of the country. **It points to the need for a re-evaluation of the role of large corporations like JBS in contributing to societal well-being and highlights the need for more balanced approaches that consider both financial viability and social responsibility.**

4.5. A Bigger Picture of the Problem

The government continues to back the largest agribusiness corporations. In June 2023, the Brazilian government's New Crop Plan was launched, allocating US $74 billion to medium- and large-scale rural producers[65]. This report demonstrates that such large-scale industry investments do not translate into broad social development. Instead, they often lead to capital concentration among a small elite, many with ties to government and judicial systems.

More recently, the phenomenon of a new agribusiness elite in Brazil has graced the cover of national newspapers. An increase in luxury real estate, private planes, and expensive cars has been noticed in cities and states with a strong industrial agriculture tradition[66]. From 2017 to 2022, the 0.01% richest people in Brazil saw their overall wealth more than double, and this phenomenon is deeper in states with agribusiness tradition. The state of Mato Grosso, for instance, where JBS heavily operates, saw the richest revenue increase of 115%. In Goiás, the increase was 53%[67].

Given the current trajectory of government actions, including the latest funding announcement, Brazil appears set to continue as a divided middle-income country, with minimal progress in addressing hunger, poverty, and inequality. To address these challenges genuinely and ensure a fair food system that promotes greater societal equality, a fundamental shift is required. Governments and financial institutions must radically change their approach, focussing on investing in local, smaller-scale agricultural initiatives that have the potential to deliver real social impact.

5. Recommendations

Addressing the deeply entrenched issues of hunger, poverty, and inadequate social development in the context of Brazil's industrial meat production requires a multifaceted approach. There is no single, all-encompassing solution to these complex challenges. Effective strategies must emerge from a variety of sources and involve a coordinated effort among different stakeholders. Many actors, including industry, government, shareholders, and consumers have a significant role in shaping a more equitable and sustainable future.

This report, therefore, proposes a series of targetted recommendations, acknowledging that **a collaborative and diverse approach is essential to drive meaningful change in Brazil.** The recommendations encompass a holistic approach, targetting different stakeholders involved in Brazil's meat industry. They aim to address the complex issues of hunger, poverty, decent working conditions, and social inequality, providing a roadmap for more equitable and sustainable development.

5.1. Policymakers:

- Prioritise investment in small-scale producers over medium and large enterprises.
- Halt financial support for large-scale agribusiness operations.
- Implement measures to enhance income distribution.
- Levy taxes on the meat industry and the industrial agriculture sector.
- Restrict meat industry advertising, similar to the limitations imposed on the tobacco industry.
- Monitor and enforce fair working conditions in meat corporations.
- Raise the minimum wage to match the living wage standard.
- Increase transparency requirements for companies with government investments.

5.2. Meat Industry:

- Elevate factory workers' salaries to meet the living wage.
- Cap executive compensation and align their wage adjustments with the standards set for factory workers.
- Halt corporate expansion and acquisitions.
- Commit to full transparency, making data accessible and publicly available.

5.3. Shareholders:

- Vote against the proposal for JBS's double listing on the US stock market.
- Strengthen BNDES's role as a key shareholder to champion social interests.
- Exclude the controlling group from wage decision-making for top administrators.
- Encourage foreign governments and pension funds to divest from the industry.
- BNDES: ensure that its seats on the JBS board of directors are used to effectively promote domestic social and economic development for all Brazilians, rather than merely support the company's profits.

5.4. Investors:

- Cease investments in the industrial meat sector, including shares, loans, and bond/debentures issues.
- Redirect investment priorities towards more sustainable and socially beneficial ventures.
- Increase financial support for small-scale producers.

5.5. US Securities and Exchange Commission (SEC):

- Deny JBS's request to list on the US Stock Exchange, considering the broader social implications.

5.6. Consumers:

- Gradually reduce meat consumption, focusing on health and environmental benefits.
- Advocate meat consumption that is local and socially responsible.
- Urge BNDES to appoint board representatives who will advocate social interests.
- Lobby governments and parliamentarians to enact taxes on millionaires and the meat industry.
- Demand legislative action to ensure transparency from companies with government investments.

Appendix 1:

Major Investments in JBS (2003-2023)

Financing to JBS via loans and direct investments		
INSTITUTION	**PERIOD**	**AMOUNT**
BNDES	2003-2017	US $6 billion
Brazilian Stock Market (IPO)	2007-2013	US $12 billion
UK, EU and US based financiers	2013-2019	US $2.5 billion
Bank of China	2015	US $1 billion
Royal Bank of Canada	2018	US $900 million
Fidelity Management	2021	US $253 million
BlackRock Group	2021	US $241 million
Vanguard Group	2021	US $202 million
Barclays	2021	US $84 million
Dimensional Fund	2021	US $84 million
Santander Group	2021	US $36 million
Deutsche Bank	2021	US $10 million
HSBC Group	2021	US $3.5 million
BNP Paribas Group	2021	US $2 million
JP Morgan	2021	US $623 thousand
Bank of Montreal	2022	US $1.5 billion
TOTAL	2003-2023	US $24,816,123,000

SOURCE: BOARD MEETING MEMOS (2013-2023), GLOBAL WITNESS REPORT (2022), MIGHTY EARTH (2023), AND BNDES ABERTO. THIS ANALYSIS DID NOT CONSIDER TRANSACTIONS REGARDING SECURITIES.

Appendix 2:

List of JBS Shareholders

The table is a list of selected JBS shareholders who attended at least one annual meeting in the last decade (2013-2023). The complete list has an average of 426 shareholders annually.

SHAREHOLDER	TYPE
Banco do Brasil	National financial institution
Bradesco	National financial institution
Itaú	National financial institution
Safra	National financial institution
Goldman Sachs	Foreign financial institution
Commonwealth Bank Group	Foreign financial institution
Bank of Japan	Foreign financial institution
European Central Bank	Foreign financial institution
Bank of China	Foreign financial institution
Bank of Korea	Foreign financial institution
Caterpillar	Foreign corporation
Dreyfus	Foreign corporation

SHAREHOLDER	TYPE
Shell	Foreign corporation
Rockefeller	Foreign corporation
Microsoft	Foreign corporation
Singapore	Foreign nation
New Zealand	Foreign nation
Australia	Foreign nation
Canada	Foreign nation
Oregon	U.S. state
New Mexico	U.S. state
Alaska	U.S. state
West Virginia	U.S. state
Florida	U.S. state

Appendix 2: Continued

SHAREHOLDER	TYPE
Illinois	U.S. state
Washington	U.S. state
Wisconsin	U.S. state
Wyoming	U.S. state
North Dakota	U.S. state
Connecticut	U.S. state
Kentucky	U.S. state
Montana	U.S. state
Alberta	Canadian province
British Columbia	Canadian province
The First Church Of Christ, Scientist	Church
United Church Funds	Church
Evangelical Lutheran Church	Church

SHAREHOLDER	TYPE
New Church	Church
Catholic Values Trust	Church
Catholic Health Initiatives	Church
Catholic Responsible Investments	Church
Catholic United Investment Trust	Church
Cornell University	University
Texas Christian University	University
University of Texas	University
University of California	University
Washington University	University
University of Pittsburgh	University
Vanderbilt University	University

RETIREMENT AND PENSION FUNDS	
Banco do Brasil	Private pension
Bradesco	Private pension
Caterpillar	Employee retirement
John Deere	Employee retirement
Shell	Employee retirement
General Motors	Employee retirement (Canada)
Ford	Employee retirement (Canada)
American Airlines	Employee retirement
British Airways	Employee retirement
Boeing	Employee retirement
3M	Employee retirement
United Nations	Employee retirement
Stagecoach	Employee retirement
UK Railways	Employee retirement
Ohio	Public Employees Retirement
Mississippi	Public Employees Retirement
Oregon	Public Employees Retirement
Idaho	Public Employees Retirement
New Mexico	Public Employees Retirement
Alaska	Public Employees Retirement
Minnesota	Public Employees Retirement
Florida	Public Employees Retirement

RETIREMENT AND PENSION FUNDS	
Illinois	Public Employees Retirement
Lousiana	Public Employees Retirement
Maryland	Public Employees Retirement
Missouri	Public Employees Retirement
Nebraska	Public Employees Retirement
New York State	Public Employees Retirement
New York City	Public Employees Retirement
New Jersey	Public Employees Retirement
Colorado	Public Employees Retirement
Indiana	Public Employees Retirement
Georgia	Public Employees Retirement
Hawaii	Public Employees Retirement
New Hampshire	Public Employees Retirement
Oklahoma	Public Employees Retirement
Tennessee	Public Employees Retirement
Utah	Public Employees Retirement
Virginia	Public Employees Retirement
Los Angeles	Public Employees Retirement
Oakland	Public Employees Retirement
Ontario	Public Employees Retirement
Philadelphia	Public Employees Retirement
Chicago	Public Employees Retirement

Appendix 3:

Changes in *Bolsa Família* Social Assistance Beneficiaries in 12 Brazilian Cities (2013-2023)

CITY (STATE)	FAMILIES IN 2013	FAMILIES IN 2023	PERCENTAGE CHANGE
São Miguel do Guaporé (RO)	2,168	1,266	-41%
Vilhena (RO)	3,998	4,534	+13%
Diamantino (MT)	1,055	1,239	+17%
Barra do Garças (MT)	3,982	6,932	+74%
Alta Floresta (MT)	2,783	3,932	+41%
Juara (MT)	1,436	1,942	+35%
Goiânia (GO)	29,236	76,545	+162%
Mozarlândia (GO)	1,061	1,700	+60%
Andradina (SP)	1,952	3,659	+87%
Lins (SP)	2,037	3,084	+51%
Campo Grande (MS)	32,477	59,416	+82%
Marabá (PA)	20,126	30,055	+49%

SOURCE: MINISTRY OF DEVELOPMENT AND SOCIAL ASSISTANCE, FAMILY, AND HUNGER COMBAT (MDS).

NOTES:

[1] JBS, 2023.

[2] BNDES, 2014.

[3] Bertin was acquired in 2009 (JBS, 2023), Independência in 2013 (Exame, 2013).

[4] In August 2023, Minerva acquired most of the Marfrig beef units, which in turn focused on its chicken and pork production. Marfrig owns 50% of BRF.

[5] Striffler, 2005.

[6] The Jakarta Post, 2024.

[7] Senado Federal, 1995.

[8] Folha de São Paulo, 1995.

[9] Correio Braziliense, 2022.

[10] B3 S.A. – Brasil, Bolsa, Balcão, 2024.

[11] Supreme Court Judge Edson Fachin said there were multiple indications showing that “they were part of an organisation dedicated to the systematic practice of crimes against the public administration and money laundering” (Financial Times, 2017a; Financial Times, 2017b).

[12] Brothers Wesley and Joesley Batista figure as number 18 on the Brazilian Billionaires from Forbes Magazine, each one with a wealth of US $2.6 billion (over US $5 billion within the family) (Forbes, 2023).

[13] JBS, 2022.

[14] Exame, 2023.

[15] Bloomberg, 2024.

[16] Soterroni, et al., 2023; Evans, 2021.

[17] Global Witness, 2022 and 2020; Greenpeace, 2021; Repórter Brasil, 2022.

[18] Our World in Data.

[19] Our World in Data.

[20] United Nations Development Programme, 2022.

[21] World Inequality Report, 2022.

[22] Ferraz & Coutinho, 2019.

[23] Other “national champions” are Embraer, Petrobrás, Marfrig, BRF, Odebrecht, Gerdau, Camargo Correia, Vale, and Natura, to name a few.

[24] BNDES, 2014.

[25] Besides meat packing, the government also prioritized aeronautics, oil and gas, petrochemicals, ethanol, mining, steel, pulp and paper (Ricz & Schenelik, 2023)

[26] Ferraz & Coutinho, 2019.

[27] BNDES, 2014.

[28] Ferraz, Marques, & Jr., 2015.

[29] BNDES, 2024.

[30] BNDES, 2021.

[31] Ricz & Schenelik, 2023; BNDES, 2014.

[32] Mercosur is the Southern Common Market, with commercial and political agreements, initially established by Brazil, Argentina, Paraguay and Uruguay, and subsequently joined by Venezuela and Bolivia. The latter is still complying with the accession procedure (Mercosur, n.d.).

[33] Mighty Earth, 2023; Landim, 2019;

[34] BNDES, 2014.

[35] Ferraz & Coutinho, 2019.

[36] BNDES, n.d.

[37] BNDES, 2014.

[38] Author’s calculation based on meeting memos.

[39] BNDES, 2014.

[40] JBS Notice to the Market, 21 September 2022.

[41] Exame, 2023.

[42] Landim, 2019.

[43] JBS, 2023.

[44] Instituto Brasileiro de Geografia e Estatística.

[45] I will explain this value in the section “Low Wages for Factory Workers”. For now, it is important to observe the executives’ wages and the discrepancy within the company.

[46] Administrators include Executive Officers (5 people), Board of Directors (9 people), Fiscal Council (5 people), and Special administrative committees (variable).

[47] JBS, n.d.

[48] JBS Annual meeting memo 2018.

[49] Sean Kenji Starrs (Forthcoming) American Power Globalized: Rethinking National Power in the Age of Globalization New York: Oxford University Press.

[50] JBS, n.d.

[51] Sean Kenji Starrs (Forthcoming).

[52] Usually, annual meetings occur every April, but the company may call a meeting any time, as needed.

[53] Additionally, JBS creates temporary reserves for specific goals. Between 2014 and 2017, the industry fed a “Reorganisation Reserve” with an amount that varied between 0.14% to 2%. The goal was to finance the first plan to open its shares in the US stock market. In 2023, there was a reserve for fiscal incentives, which received 9% of the profits (JBS’ Shareholder meeting memos from 2013-2023).

[54] Board meeting of 25 March 2020.

[55] JBS, 2022.

[56] On his Linkedin profile, JBS’ CEO Gilberto Tomazoni posted in January 2024 about his presence in the World Economic Forum in Davos.

[57] JBS, 2023.

[58] Money Times, 2023.

[59] See Maués, 2023.

[60] Dieese, 2023.

[61] World Inequality Report, 2022.

[62] See Maués, 2023.

[63] Ministério da Fazenda, 2023.

[64] Folha de São Paulo, 2023.

[65] Ministério da Agricultura e Pecuária, 2023.

[66] Globo Rural, 2024.

[67] O Globo, 2024.

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