



# An Update on Deforestation- and Conversion-Free Argentine Beef

In 2021, the Markets Institute at WWF published a business case on how Argentina could lead global efforts toward deforestation- and conversion-free (DCF) beef. This brief provides an update on the ongoing efforts to turn this idea into a reality, as well as the opportunity to include hides in the effort.

The business case demonstrated that Argentina has the systems and institutions in place to enable full supply chain traceability and, therefore, the potential to certify that all beef leaving the country is DCF. Since publication, WWF and Fundación Vida Silvestre (FVS) have built upon that work to engage key players across the supply chain to pilot the concept, as well as build a carbon calculator to understand the range of greenhouse gas emissions (GHG) involved in beef and leather production in Argentina.

## Engaging Key Players

Since publishing the business case, WWF and FVS have engaged key players throughout the supply chain, including producers (direct and indirect), slaughterhouses, meatpackers, tanneries, and government institutions. By socializing the concept and including key stakeholders in discussions to design how the idea would be implemented, there has been a rich discussion that included different viewpoints to enable a more thoughtful and transparent execution of the pilot.

The concept is being piloted in the province of Santa Fe, which has agreed to incorporate DCF attributes into existing traceability systems, creating the enabling conditions for implementation of credible and verifiable

DCF production and export at scale. Santa Fe is the second most important province in Argentina, both for its livestock and for its beef processing and tanneries. So far, the participation of seven meatpackers and four leather processing companies has been confirmed, all of which have seen an increase in demand from their customers for DCF leather.

The meatpackers have supplied the Ministry of Environment with data from more than 100 producers, representing a total of 400,000 hectares and more than 200,000 head of cattle, that will now be crossed with environmental data by the Ministry of Environment and FVS to determine if they comply with the DCF verification. The provincial office of the National Food Safety and Quality Service (SENASA) is checking both for animal traceability and georeferencing to enable compliance with future DCF requirements. The Ministry of Environment also plays a key role through satellite image analysis for deforestation, which FVS further supports through use of the Mapbiomas system to detect conversion. Both the meatpackers and leather processing companies have traceability systems that allow them to identify each individual product (i.e. hides, specific cuts of beef, etc.) to ensure the beef and leather is DCF compliant and verifiable.

The various stakeholders involved in the project, particularly those involved with international markets, have held discussions regarding the strong demand they have seen for DCF beef and leather, particularly from Europe. The potential income from this increased awareness of market demand has gone a long way



toward ensuring participation across the supply chain, particularly among producers who may have otherwise been reluctant to take part in a DCF program.

## Financing the Transition

In addition to stakeholders involved in production, financial institutions have joined discussions about how the transition to DCF beef in Argentina could be incentivized through advantageous financial terms, a tool that will become more important as interest rates climb. A meeting was held in Buenos Aires with stakeholders from private and public banking entities in Argentina to detail the concept and garner support. The most important national public bank (Banco Nación) confirmed that they were onboard and ready to support the project, and many others were also interested in participating.

## Creating a Carbon Calculator

As part of the process, WWF is working with Blonk Consultants to create a carbon calculator. The calculator has three main inputs: cattle traceability, satellite deforestation tracking, and rancher input. The traceability will be used to both link deforestation and conversion from cattle and estimate the GHG footprint of the cattle prior to their arrival on the target farm or slaughterhouse. The rancher input will calculate the footprint of the cattle on a target farm, including feed. Together, this information will estimate the total emissions, both from land-use change and from rearing the cattle.

The calculator's basic structure and required inputs have been established and missing data points have been identified. WWF and FVS are working closely with the National Agricultural Technology Institute (INTA) to obtain this critical local data. The process has been both enlightening and challenging, as stakeholder input has demonstrated that even within the same

country, the model has needed adjustments to account for regional differences. This granular mapping has encouraged greater data sharing from farmers and a better understanding of production differences and demonstrates that it is feasible to gain insight into such regional differences at a global scale with the right stakeholder engagement. A significant finding from developing the calculator is that farmers have found the better management practices to be profitable, benefiting both their resilience and bottom lines, which creates a positive feedback loop that encourages greater data collection.

## Looking Ahead

The carbon calculator is anticipated to be finalized by early 2023 with the first exports of DCF beef and leather to Europe anticipated shortly thereafter. After the exports occur, the pilot will be evaluated to determine how the concept can best be rolled out nationally with details to come near the end of Q2 2023. This will inform the potential of scaling up the concept to a national level, with the goal of transforming global markets and leading the way towards DCF products becoming the norm rather than the exception.

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