ABIOVE – Brazilian Vegetable Oil Industry Association

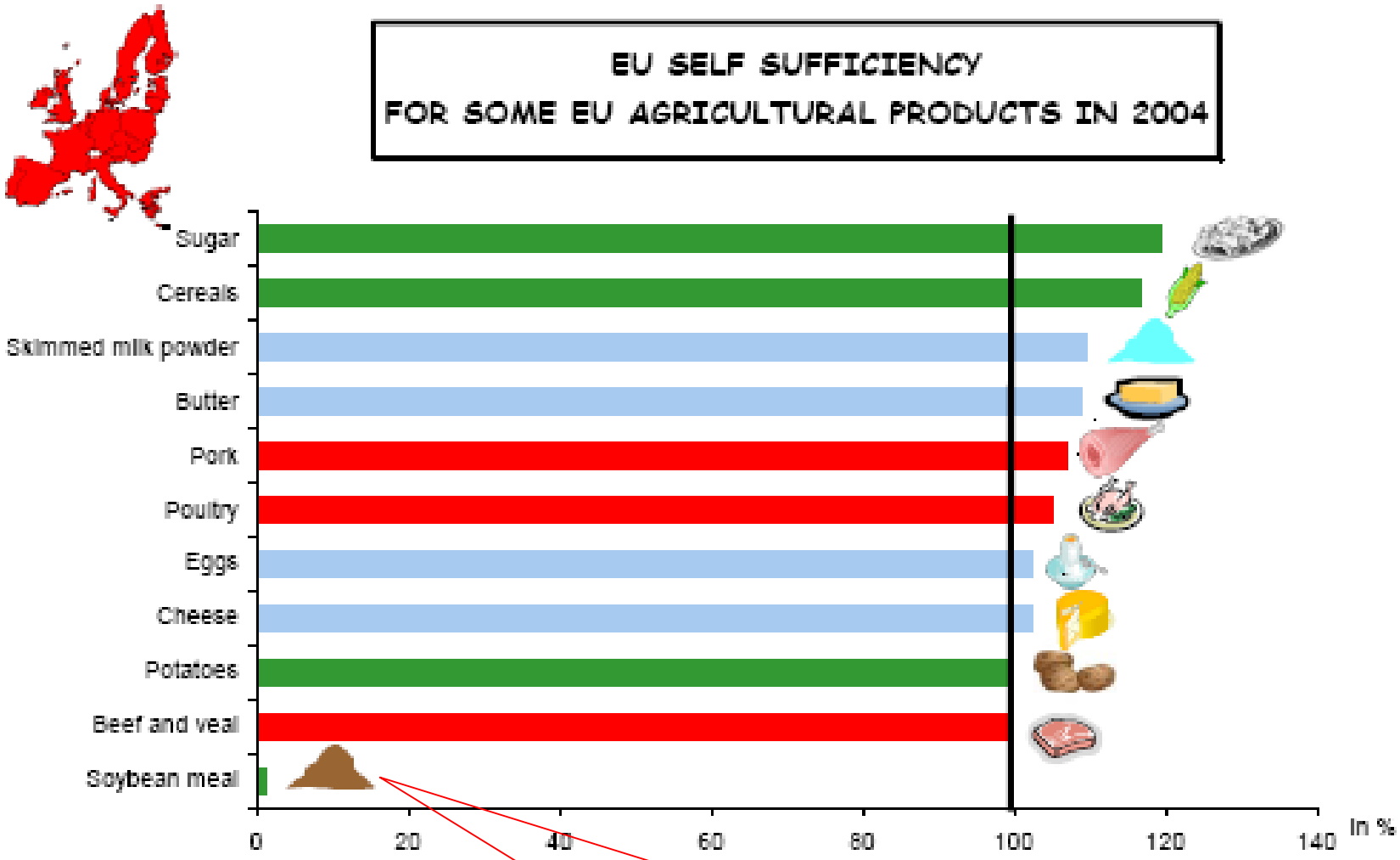
Sustainable Soy Production
Strategic Actions

Carlo Lovatelli – President

September/October 2007

The Amazon Rain Forest



Source: FEFAC

Brazil is one of the big suppliers of vegetable protein

The Amazon Biome and Brazilian Environmental Policy

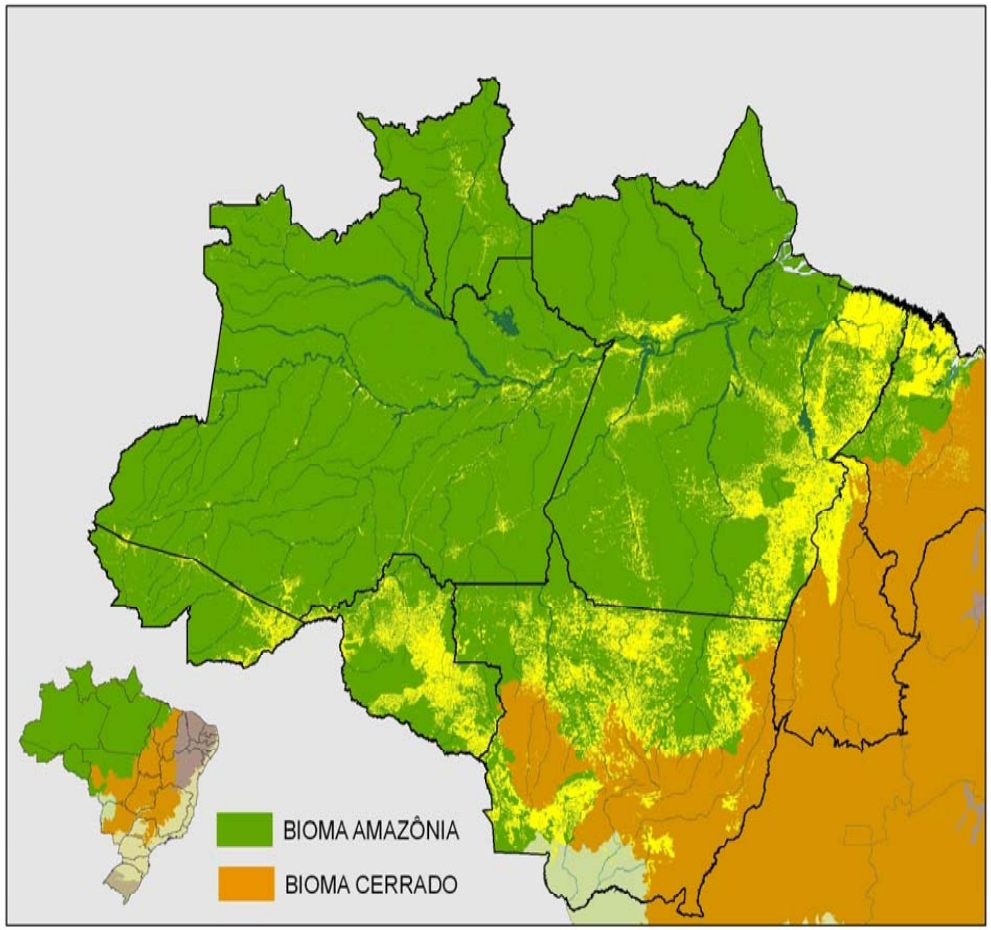



Legal Amazon – "A Continent"

Legal Amazon:

an administrative concept

- Area: 510 million hectares
- Territory: 9 states
- 61% of Brazil's territory
- 8 different biomes
- Population: 23 million inhabitants



The Amazon Rain Forest, with an area of 367 million hectares, is located within the Amazon Biome

Amazon Biome:

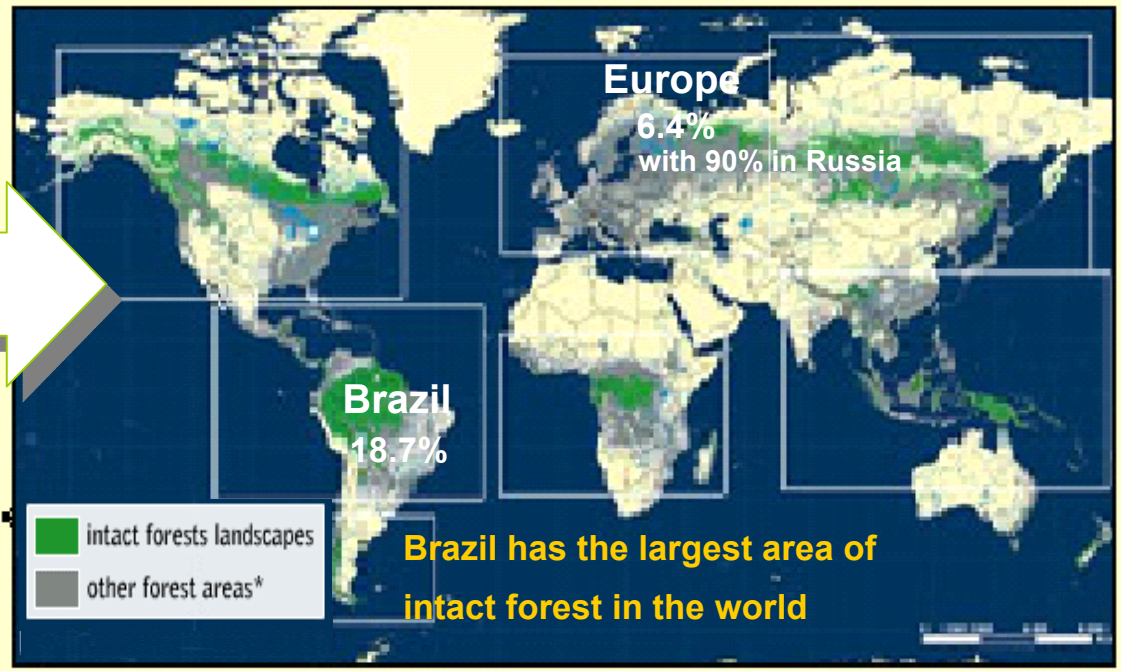
an environmental concept

- Area: 420 million hectares
- 49% of Brazil's territory
- The Amazon Biome area is equivalent to 101 times the area of Holland
- Population: 20 million inhabitants

Deforestation in the World and the Amazon Forest

According to Greenpeace, Brazil currently has 18.7% of the world's intact forests

Intact Forests in the World (areas larger than 500 km^2)



Source: Greenpeace (March 2006)

Amazon Forest - 2006

	Million of ha	*Share %*
Forest Areas	**299**	***81%***
Deforestation	**68**	***19%***
Original Forest	**367**	***100%***

Source: Instituto Nacional de Pesquisas Espaciais – INPE 2006

Brazil has t 81% of the Amazon Forest

Policy for Environmental Conservation in Legal Amazon

Brazil has an active policy for environmental conservation in Legal Amazon, based on the following tools:

1. Creation of Environmental Conservation Areas (APA)

2. Creation of Indigenous Reserves

3. Application of Legal Reserve

Policy for Environmental Conservation in Legal Amazon

	Application of Legal Reserve		
	Up to 1996	After 1996	
Area	LEGAL RESERVE	LEGAL RESERVE	Available for planting
Forest	50%	80%	20%
Cerrado	20%	35%	65%

Conservation Policy	Millions of ha
Protected Areas (Environmental and Indigenous)	178
Estimated Legal Reserve (Forest 80% / Cerrado 35%)	143
Total Protected by Law (63% of Legal Amazon)	321

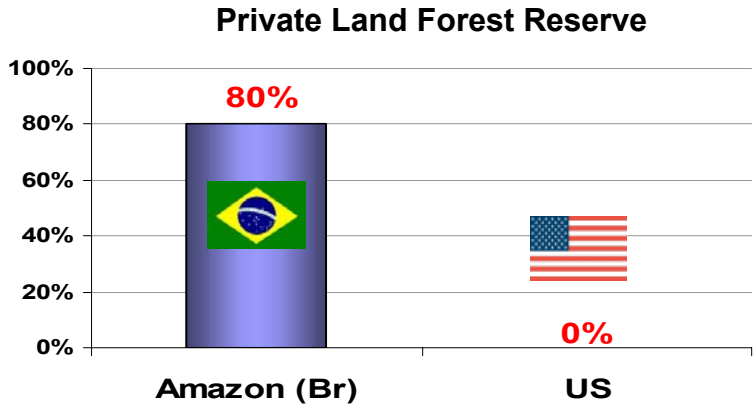
Preparation: ICONE

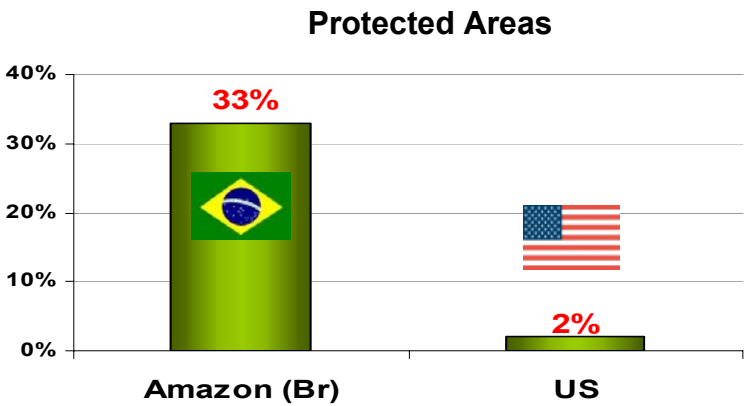
Environmental Policy

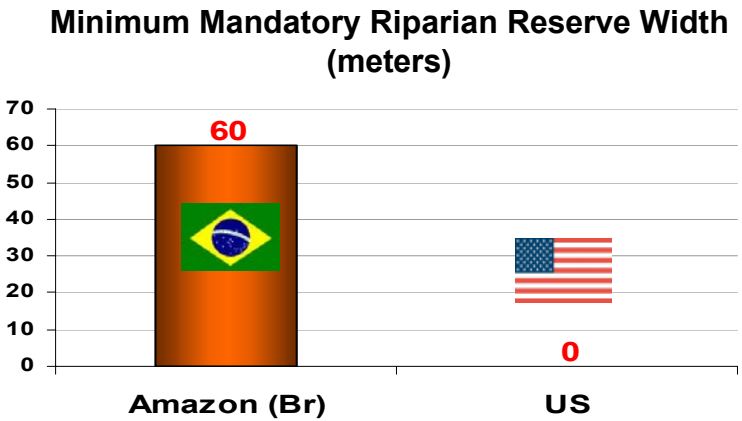
Land use of Legal Amazon was severely restricted after 1996

The rural producer assumes the obligation of preserving 80% of the forest, without any payment from government

The Legal Reserve establishes the conservation of 143 million hectares in Legal Amazon







Brazilian Amazon vs. U.S. grain belt

Drastic regional differences in environmental legislation = Competitive imbalance

Does the E.U. have an environmental policy that is as strict as Brazil's?

Source: IPAM - Daniel Nepstad

Difficulties in containing illegal deforestation

Extensive area to control, with difficult access

(420 million hectares)

+

Poorly defined property rights

Between 40% and 47% of Legal Amazon's territory are public lands in dispute

Poorly defined property rights are the main reason for the inefficiency of the environmental laws in containing illegal deforestation

How can environmental conservation be improved?

A **New Economic Tools**

The Economic Tools are an efficient alternative to complement environmental legislation

B **Add Value to Production**

"Producers in the **Red** cannot look after the **Green**"

They make environmental conservation economically sustainable in Legal Amazon

How can environmental conservation be improved?

A — New Economic Tools to improve conservation

	Payment for "Standing Forest"	Forest Assets Exchange	Voluntary Certification
What is it?	Creation of an international fund for payment of: - Forest environmental services - CO_2 emissions that are avoided - Economic potential of the biodiversity reserve While the "Standing Forest" is worth "less" than cleared forest, there is no economic stimulus for conservation.	Creation of an Exchange to trade Forest Reserve Quotas (CRFs) in the Amazon region: Payment of a "bonus" for maintenance of the Legal Reserve (80%). Payment for non-utilization of the exploration quota (20%) that the owner has a right to – which would lead to a reduction in legal deforestation.	Creation of remunerated Voluntary Certification ("Green Seals") that pay a premium to those producers who beyond Brazil's environmental legislation. Remunerated Voluntary Certification stimulates the spread of good agricultural practices and respect for environmental legislation.
Effect	Reduces deforestation	Guarantees the Legal Reserve	Stimulates good Agricultural Practices

How can environmental conservation be improved?

Production for exports "in natura"

Current Production Model in the Mid-West

B Value added to grain production (soya and corn) in the Cerrado, through production of meats (poultry and pork) for export

Sustainability

Production for export

Integrated Production Model

Reduces pressure on new agricultural areas

Makes crop rotation possible

- **Reduces monoculture**
- **Reduces pest propagation** (Asian Rust)
- **Reduces the use of agrichemicals**

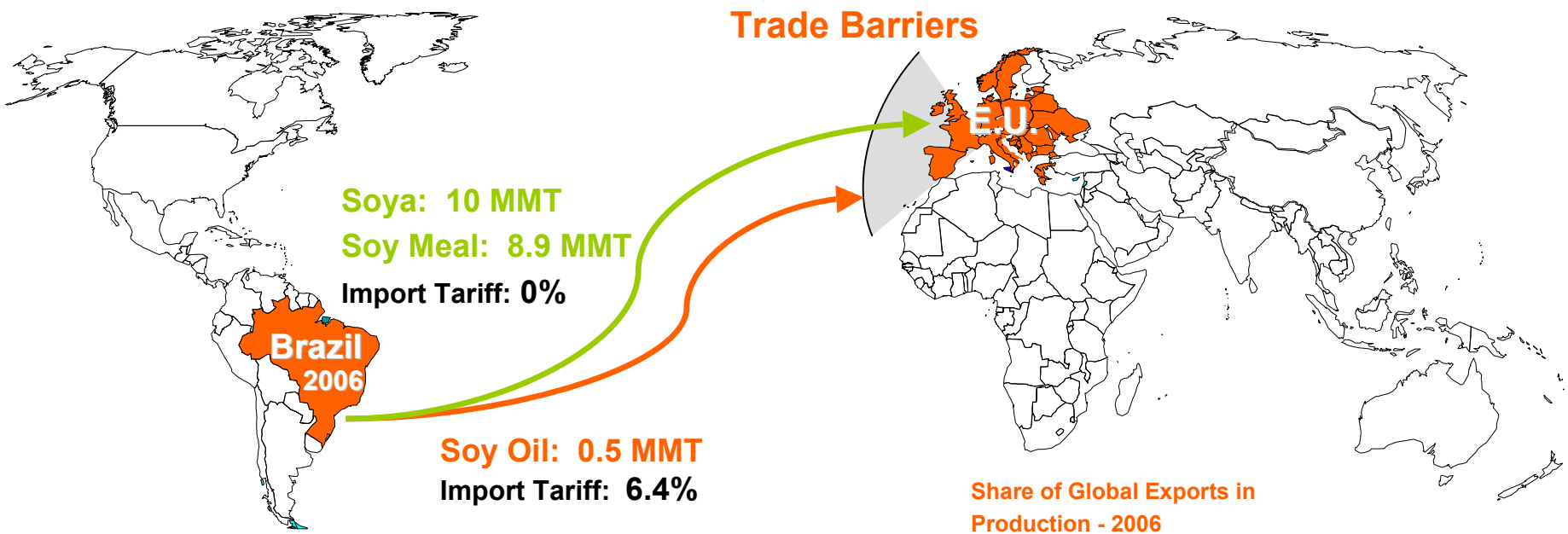
Creates income for the small and large farmer

- **Resources needed for environmental conservation** (Legal Reserve)
- **Makes the small producer in the Cerrado feasible**

The success of this model depends on the opening up of the international meat market

Scaled Tariff of the Main Importing Countries

Tariff Scale
+
Trade Barriers

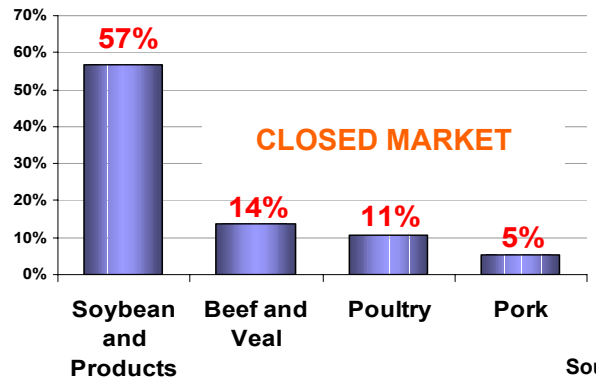


Soya: 10 MMT
Soy Meal: 8.9 MMT
Import Tariff: 0%

Soy Oil: 0.5 MMT
Import Tariff: 6.4%

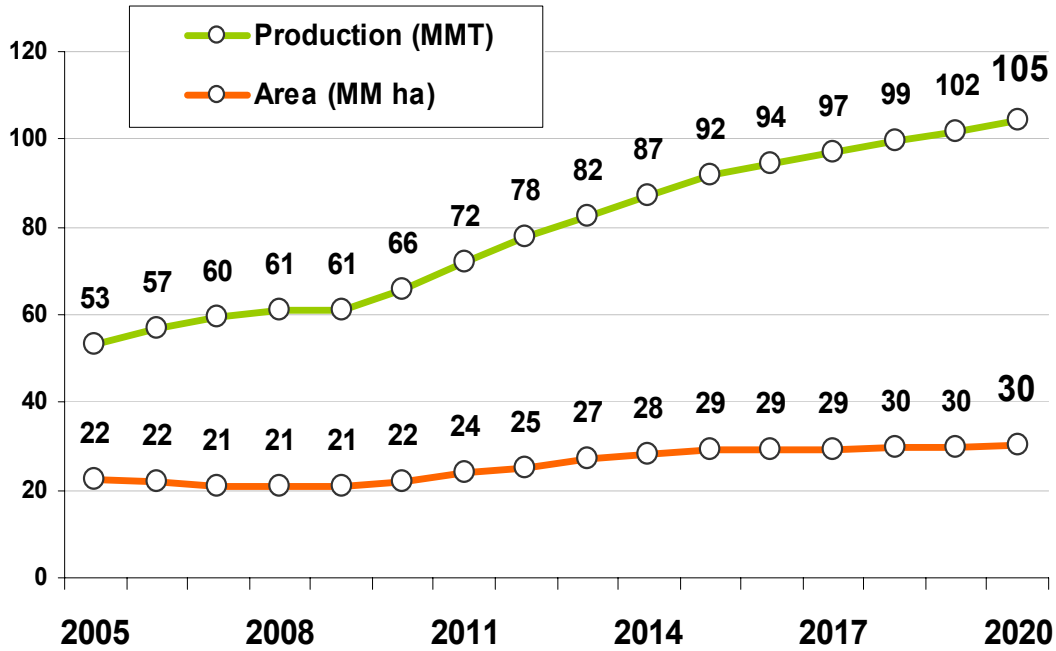
MEATS*
- Poultry: 0.3 MMT
Import Tariff: 94%
- Pork: 0 MMT
Import Tariff: 43%
- Beef: 0.4 MMT
Import Tariff: 177%

Share of Global Exports in Production - 2006



Source: USDA

Evolution of Soy Production in Brazil



Source: AGROCONSULT/ ABIOVE

- **In 2020, Brazil should produce about 105 million tons of soybeans, using an additional area of 8 million hectares throughout the country**
- **The 76% increase in production will require an increase of only 46% in area, due to the forecast gains in productivity (1.5% per year)**
- **By 2020, an estimated 30 million hectares will be released by livestock farming**
- **Protein meal, not oil (biodiesel), is soya's growth driver**

2006 - 2020 Agricultural Area Occupation

	2006				2020			
	Sugar Cane	Soybeans	Cattle	Total	Sugar Cane	Soybeans	Cattle	Total
Area (Million Ha)	6	22	220	248	14	30	172	216
Production (Million Ton)	430	57	9	-	1038(1)	105	11	-
Cattle Heads (Millions)	-		207	-	-		240(2)	-
Cattle Heads per hectare			0,9	-			1,4	-

Sources: UNICA / ABIOVE / IBGE / FAO / United Nations

(1) Increase in sugar production to 45 million from 30 million tons and ethanol to 65 billion liters from 18 billion liters, using sugarcane straw.

(2) Forecast considering a 1.1% annual growth in production (demographic growth).

How can grain production in Brazil be increased, without increasing the deforested area?

Crops-Livestock Integration

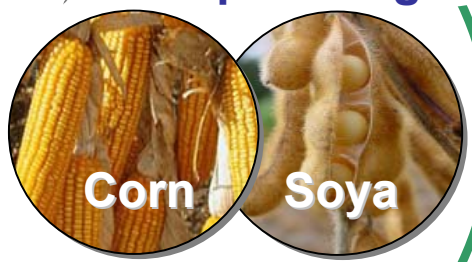
Livestock

Pasture Area

- Degraded pastures give way to grain plantations
- The area receives fertilizers and soil correction

Grain

Crop Acreage



ROTATION

CROPS-LIVESTOCK INTEGRATION

1 2 3 4

- Soya retains nitrogen, helping to improve the soil
- After some crops, the area can again be used for pasture
- With recovered pastures, more cattle can be fattened than previously

Sustainability Actions in Brazil's Soy Agribusiness




Brazil's Soy Agribusiness

Sustainability Actions

- Soy Moratorium in the Amazon Biome
- Round Table of Responsible Soy - RTRS
- ARES - Institute for Responsible Agribusiness
- National Pact for the Eradication of Slave Labor
- Green Action – Mato Grosso State
- Environmental Pact – Mato Grosso State




Soy Moratorium in the Amazon Biome




Soy Moratorium in the Amazon Biome

What is it?

- **ABIOVE (Brazilian Vegetable Oil Industry Association) and ANEC (National Grain Exporters Association), together with their respective member companies, are committed not to trade soy produced in the Amazon Biome that was deforested after July 24, 2006. This commitment has a duration of two years.**

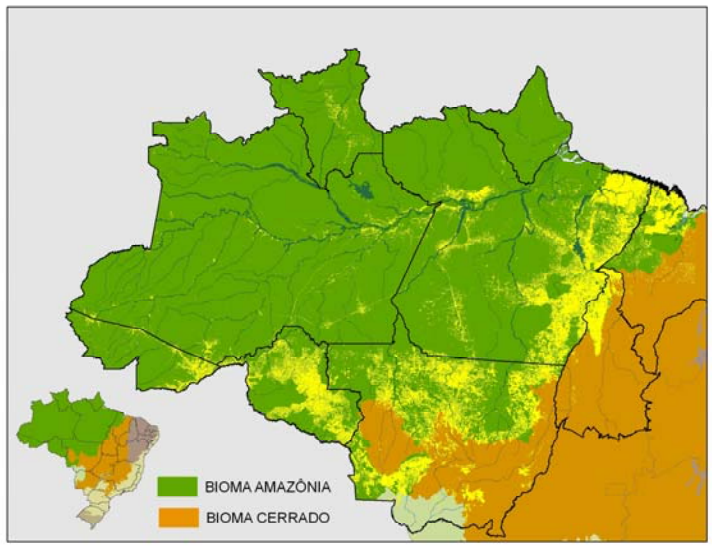
- **In addition, in the Declaration of Moratorium, the sector reiterated its repudiation of the use of labor analagous to slavery.**

Soy Moratorium in the Amazon Biome

Objectives

- To develop a governance structure for the responsible production of soy in the Amazon Biome, stimulating an end to deforestation and reconciling economic development with socioenvironmental conservation

- Meet customers' growing concern about conservation of the Amazon Forest



Source: IBGE

Soy Moratorium in the Amazon Biome

Proactive action by the productive sector

- **Despite the small area (0.3%) of the total Amazon Biome occupied by soybeans, the productive sector acted proactively and announced the Soy Moratorium with the objective of establishing clear rules of how to operate in this environmentally sensitive area**

Soy Production in Brazil, in the Amazon Biome

	Total Territorial Area (millions of ha) (a)	Area with Soya 2005 Crop (millions of ha) (b)	Share of Soya (millions of ha) (b) / (a)
Brazil	851	23.4	2.7%
Amazon Biome	419	1.1	0.3%

Source: IBGE – based on PAM 2005

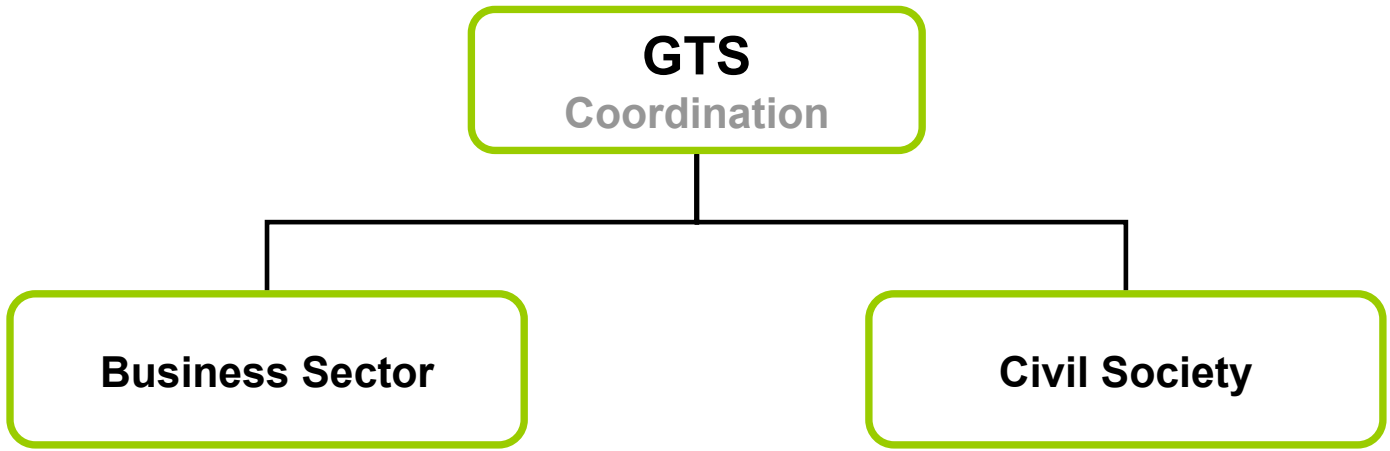
Soy Moratorium in the Amazon Biome

Work agenda

- Mapping and monitoring soybean planting in the Amazon Biome
- Education and environmental awareness, providing best agricultural practices and information about the Brazilian Forest Code
- Improving legislation and institutional relationships to improve control over deforestation and the development of soybean production in the region, collaborating with and demanding from the government the application of public policies and compliance with Brazil's legislation

Soy Moratorium in the Amazon Biome

GTS - Soy Work Group

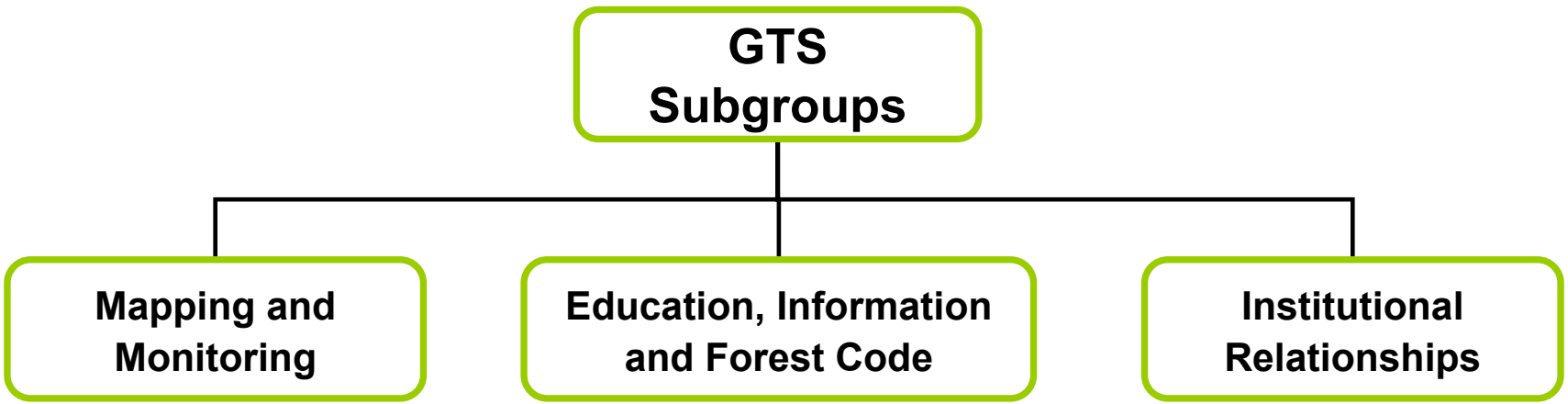


- ABIOVE
- ANEC
- Companies

- Brazil Soy Articulation
- International Conservation
- Greenpeace
- IPAM
- TNC
- WWF Brazil

Soy Moratorium in the Amazon Biome

GTS - Soy Work Group



Soy Moratorium in the Amazon Biome

Mapping & Monitoring Subgroup

Main attributes

- **Choosing the mapping and monitoring tools to identify the limits of the Biome and the areas that were deforested after the Moratorium was announced**
- **Definition of field surveys to evaluate land use in the deforested areas detected by satellite images**

Soy Moratorium in the Amazon Biome

Mapping & Monitoring Subgroup

Operational model

- **Mapping of the situation in August 2006, the first official information after the Declaration of Moratorium**
- **Identification of areas that have been deforested since August 2006**
- **Monitoring land use in these deforested areas**
- **Monitoring soy deliveries to stop the purchase of soy from areas that were deforested during the Moratorium period**
- **In-charge: WWF-Brazil, Greenpeace, IPAM, Cargill and Maggi**

Soy Moratorium in the Amazon Biome

Mapping & Monitoring Subgroup

MEETING ON SEPTEMBER 14:

- **INPE has already delivered the mapping of August 2006 (T0)**
- **SAD – the Deforestation Alert System of Imazon identified about 12,000 new deforested areas (T1) in Mato Grosso. Only 300 areas were above 100 hectares (suitable for soy planting)**
- **The subgroup has decided to monitor areas above 100 hectares, using SAD and INPE satellite images, which must be available up to November 2007. A private company - Globalsat will be able to supply this information on time, if necessary**

Soy Moratorium in the Amazon Biome

Mapping & Monitoring Subgroup

MEETING ON SEPTEMBER 14:

Globalsat will check all selected deforested areas, in order to prepare a list of the farms that planted soybeans, not complying with the Moratorium

- **They will apply their technology to identity the planted crop by satellite and make a field visit whenever is necessary**
- **Crushers and trading companies will not buy soybeans produced in the new deforested areas**
- **NGOs will be able to make a joint appointment of independent companies to audit the system by the end of the season**

Soy Moratorium in the Amazon Biome

Education, Information and Forest Code Subgroup

Main attributes

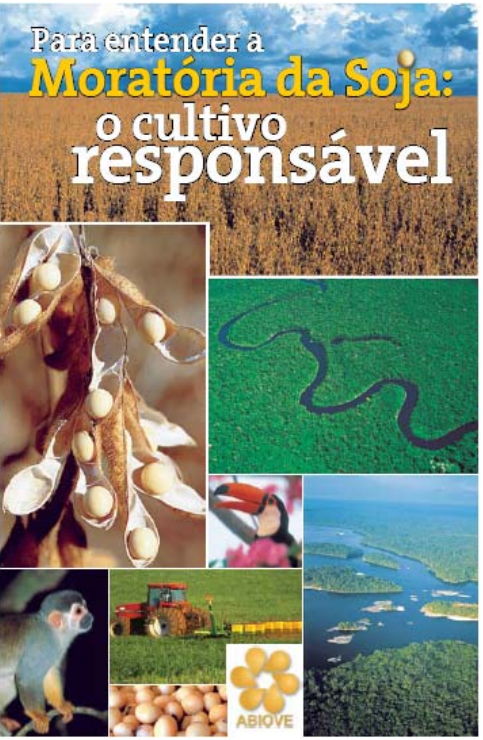
- **Develop ways of encouraging adoption of socioenvironmental practices to be applied locally**

Objectives

- **To ensure that the actions generated by the Moratorium reach the rural producer and the other agents involved, contributing so that agribusiness has the proper balance between economic needs and socioenvironmental conservation, in a conscious manner and in compliance with the legislation**

Soy Moratorium in the Amazon Biome

Education, Information and Forest Code Subgroup



Information sheet to educate producers about the Soy Moratorium

- **Focus: the region's producers, local technical assistence, teaching entities and other interested parties**
- **Channels: Field teams from the companies, ABIOVE, ANEC, NGOs and Internet**

Soy Moratorium in the Amazon Biome

Education, Information and Forest Code Subgroup

Information sheet to educate producers about the Soy Moratorium

- Contextualization of environmental problem
- Global warming and its importance to the Amazon
- Corporate social responsibility
- Contextualization of soybean market

- What the moratorium is
- Proposals and objectives
- How it is being conducted
- Estimated stages
- Participants

- **Understanding the Forest Code:**
  - Current legislation for Legal Amazon and the Amazon Biome
  - Provisional Measure No. 2166/67
  - Instructions for Registration and Documentation
  - Work safety
  - Control of effluents (agrotoxics, erosion)

Soy Moratorium in the Amazon Biome

Institutional Relationships Subgroup

Main attributes

- **Bring the GTS (Soy Work Group) closer to the government, with the objective of improving sustainable development policies**
- **Encourage legislative improvements to have better mechanisms of command and control (investigations and penalizations)**
- **Encourage the development of a strategic plan for the Amazon Biome that generates jobs and income for the more than 20 million inhabitants of that region and conserves the high-value ecosystems**
- **Collect governance tools, such as maps, rural property registers and investigations**

Soy Moratorium in the Amazon Biome

Institutional Relationships Subgroup

Significant reasons for deforestation of the Amazon Biome

1. **Institutional fragility of the federal and state entities responsible for monitoring and controlling deforestation**
2. **Opening of highways and other infrastructure works, without adequate policies for land organization and environmental management**
3. **Absence of public policies (credit, technical assistance, research) to provide incentives to value the forest for the purposes of handling and environmental services and better utilization of areas already deforested**
4. **Illegal occupation of public lands, where deforestation has been used to establish possession, often in situations of social conflict**
5. **Creation of rural settlements in inadequate areas, without conditions for the families to survive**
6. **Expansion of agribusiness chains**

Source: Ministry of the Environment

Soy Moratorium in the Amazon Biome

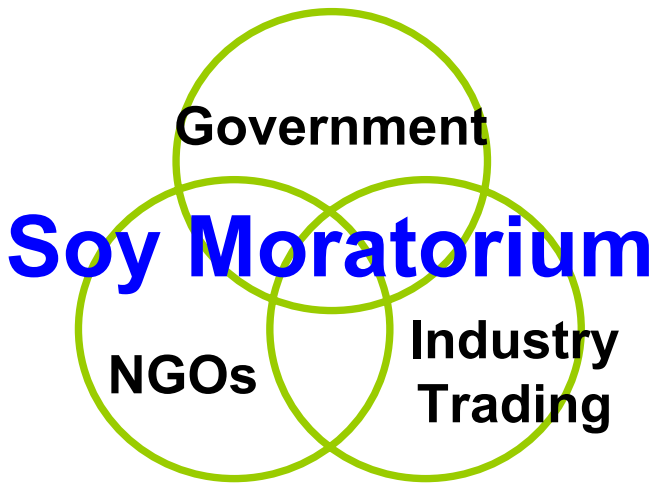
Institutional Relationships Subgroup

Significant reasons for deforestation of the Amazon Biome

- **Of the six main reasons for deforestation in the Amazon Biome, indicated by the Ministry of the Environment, five are related to the governmental sphere**

Joint governance effort

- **Government participation is fundamental for the success of the Soy Moratorium**



Soy Moratorium in the Amazon Biome

Institutional Relationships Subgroup

Federal entities involved

- Civil House of the Presidency (Coordination)
- Ministry of the Environment
- Ministry of Agriculture, Livestock & Supply
- Ministry of Agrarian Development
- INPE - National Space Research Institute (Ministry of Science & Technology)
- INCRA - National Institute of Colonization and Agrarian Reform (Ministry of Agrarian Development)
- IBGE - Brazilian Institute of Geography & Statistics (Ministry of Planning)
- EMBRAPA - Brazilian Agriculture & Livestock Research Company (Ministry of Agriculture & Livestock)
- Management & Operational Center of the Amazon Protection System (Civil House)

Soy Moratorium in the Amazon Biome

What has been done so far

- Building trust and dialogue: Industry, Civil Society and Government
- Identification of the tools needed to map the deforestation and monitor land use in these areas
- Research the alternatives for monitoring soya trading
- Booklet of Good Agricultural Practices and orientation of rural producers as regards the Moratorium and the Forest Code
- Diagnostic of the critical points:
  - Territorial organization
  - Mapping and land regularization of the rural properties
  - Resources to compensate the avoidance of deforestation

Soy Moratorium in the Amazon Biome

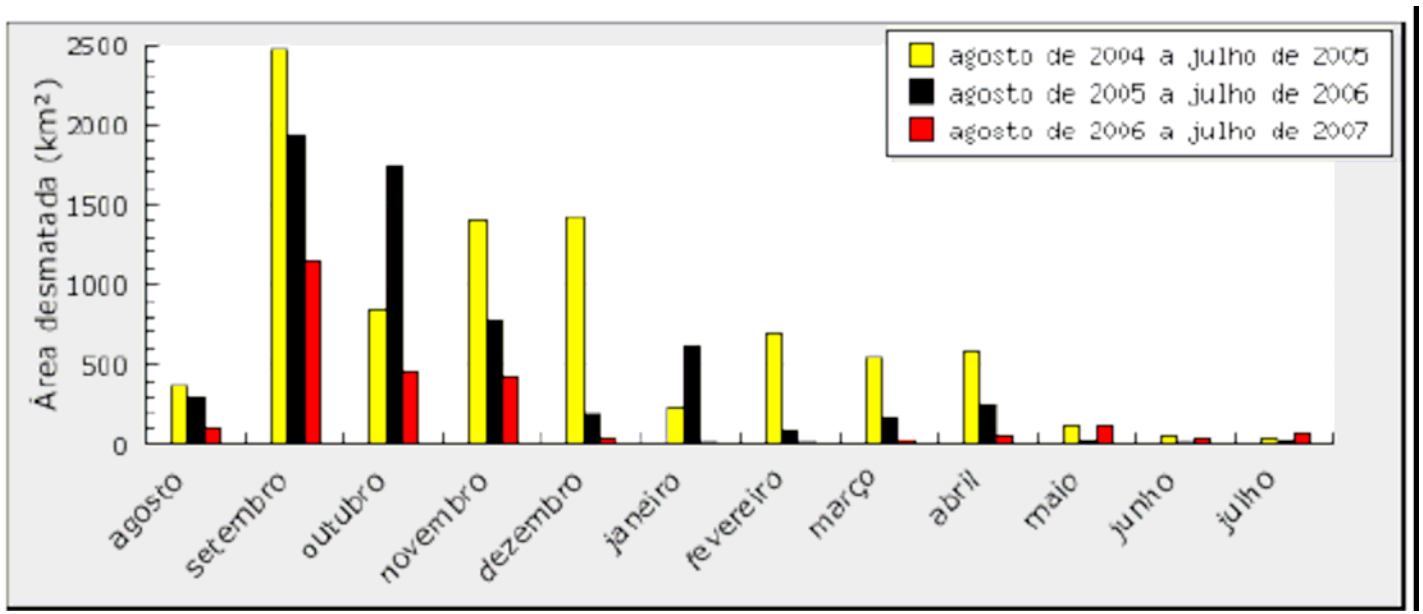
Next steps

- **Take action for:**
  - **Implementation of SLAPR, the Environmental Licensing System for Rural Properties by the States (Workshop)**
  - **Program for Land Regularization**
  - **Register of Rural Properties (Workshop)**
  - **Ecologic-Economic Zoning**
- **Get closer to rural producers to increase their awareness**

Soy Moratorium in the Amazon Biome

Decrease in deforestation

- **According to SAD, the Deforestation Alert System of the NGO Imazon, deforestation in Mato Grosso State between August 2006 and July 2007 had a reduction of 59% in relation to the same period the year before (August 2005 through July 2006), going from 608,000 hectares to 251,000 hectares**



Source: Transparência Florestal / State of Mato Grosso – www.imazon.org.br

Round Table on Responsible Soy - RTRS




Round Table on Responsible Soy - RTRS

What it is

- An International Forum to promote the responsible production and trading of soybeans
- Multistakeholder process
- Facilitate a dialogue between the economic, social and environmental visions

Objective

- Develop and promote a standard (principles and criteria) for the production of responsible soybeans

Round Table on Responsible Soy - RTRS

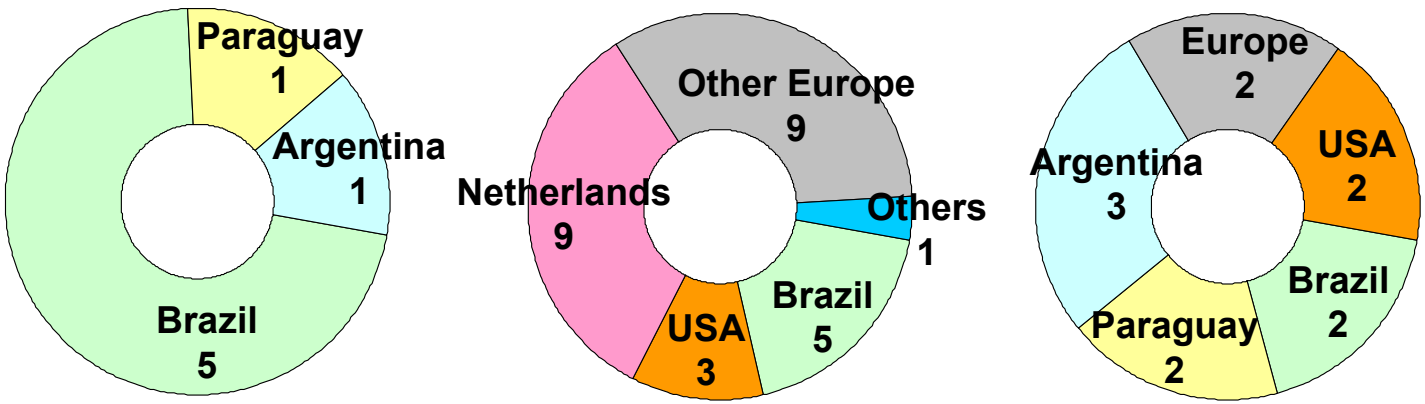
Participating Members

RTRS*

3 Chambers

- Producers — 7 members
- Industry, Trade Finance — 27 members
- Civil Society — 11 members

7 members + 27 members + 11 members = 45



Round Table on Responsible Soy - RTRS

Formation of the Principles & Criteria Group

- **In September 2007, the 21 members of the Principles & Criteria Group were chosen:**
  - 8 representatives of the producers;
  - 6 representatives of industry, trade and finance;
  - 4 representatives of civil society for environmental matters;
  - 3 representatives of civil society for social questions.
- **The starting point will be the nine impacts discussed in the São Paulo workshop.**

Round Table on Responsible Soy - RTRS

Next steps – through end 2007

- The first meeting of the Principles & Criteria Group will be held in October, in Mato Grosso State, including field visits
- The Board will meet in November in Argentina

Next steps – through end 2008

- General Assembly in April 2008 in Argentina
- Final draft for the principles, criteria and verification, in September 2008

(Institute for Responsible Agribusiness)

ARES – Mission & Objectives

- Mission
  - To contribute to the development of sustainable agribusiness through building knowledge, dialogue with stakeholders and communication

- Objectives
  - A permanent think tank on sustainable agribusiness, generating technical and pragmatic information
  - To promote an extensive dialogue with NGOs and research institutions
  - To support and influence government actions related to sustainability in agribusiness
  - To communicate with direct and indirect stakeholders

ARES was officially launched on September 4th, with the commitment of 19 major Brazilian agribusiness associations:

- **Brazilian Agribusiness Association - ABAG**
- **Brazilian Agribusiness Association - Ribeirão Preto – ABAG/RP**
- **National Agriculture Association - CNA**
- **Brazilian Cooperatives Organization - OCB**
- **Food Industry Association - ABIA**
- **Beef Exporters Association - ABIEC**
- **Brazilian Vegetable Oil Industry Association - ABIOVE**
- **Soy Producers Association - APROSOJA**
- **Poultry Exporters Association - ABEF**
- **Sugar Cane Industry - UNICA**
- **Agricultural Agrochemicals Association - ANDEF**
- **Fertilizers Association - ANDA**
- **Institute of Trade and International Negotiations - ICONE**

- **Corn Industry Association - ABIMILHO**
- **Brazilian Pork Industry and Exporters Association - ABIPECS**
- **Specialty Coffee Association - BSCA**
- **Brazilian Rural Society - SRB**
- **Beef Producers Association - CNPC**
- **Sugar Cane Producers Association - ORPLANA**

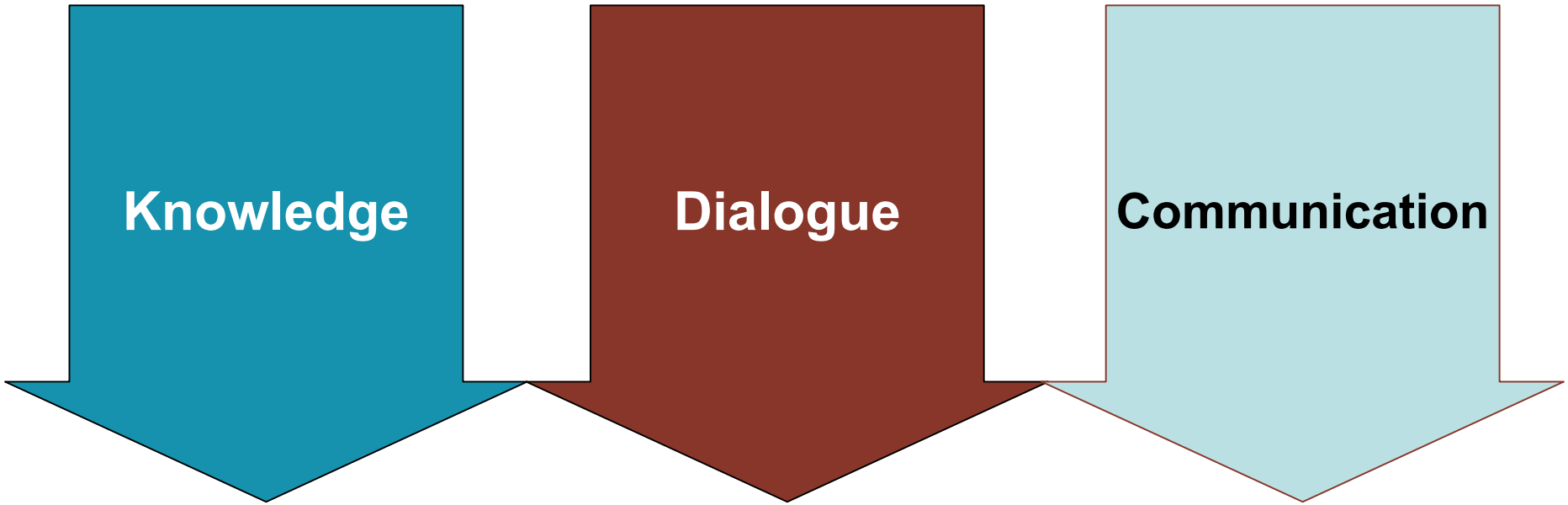
Membership in Progress

- **Agriculture Machinery and Equipment Association - ABIMAQ**
- **Seeds Association - ABRASEM**
- **Forestry Association - ABRAF**

10 priority themes for investigation:

1. Working conditions, legal framework and third-party contracts
2. Small farms, economic displacement and food safety
3. Relationship with civil society, multistakeholder initiatives, traceability, certification, social and environmental responsibility branding
4. Ecosystem conversion
5. Environmental impacts, agrichemicals, pest control, etc.
6. Food residues and animal health
7. Gas emissions, climate change, biofuels
8. Land ownership, environmental laws, monitoring
9. Intra and inter agribusiness chain conflicts, integrated agriculture – value adding
10. International commerce and sustainability

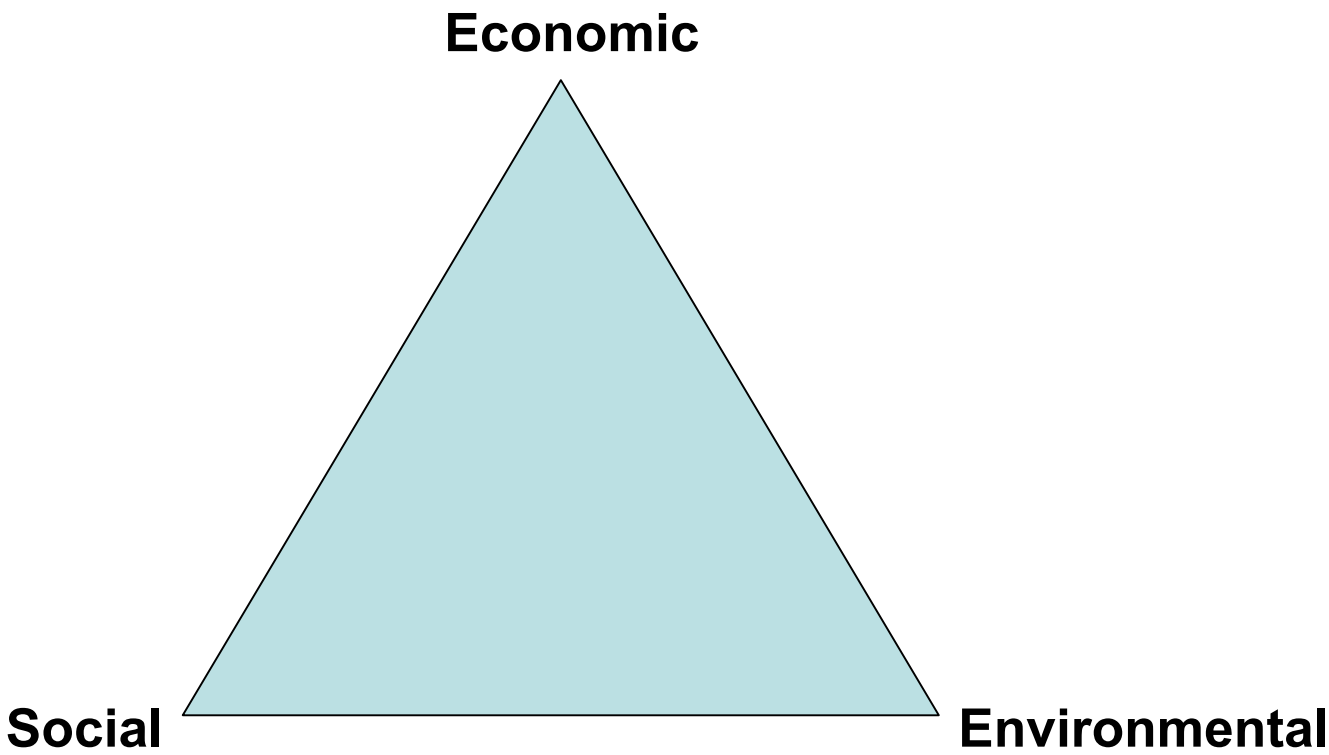
Sustainable Soy Production: Strategic Actions



ARES

Instituto para o Agronegócio Responsável

- Joint construction
- Common ground



National Pact for Eradication of Slave Labor




"Zero Tolerance" with labor analogous to slavery

- **Brazil is the only country to publish on the Internet a list of cases where working conditions are analogous to slavery and precarious**
- **ABIOVE is a signatory of the *National Pact for the Eradication of Slave Labor*, promoted by Instituto Ethos and by the ILO (International Labor Organization)**
- **The soya production chain adopted a "Zero Tolerance" policy with:**
  - **Inclusion of a breach clause in soybean purchase contracts if labor analogous to slavery is found**
  - **Participation in the RTRS, requiring compliance with ILO norms**

Actions by Soy Producers and the Government of Mato Grosso State




Actions by Soy Producers and the Government of Mato Grosso State

Instituto Ação Verde (Green Action Institute)

- **Organization created by productive sector entities in Mato Grosso State, with a view to spreading sustainable business practices and projects in the state**

Environmental Pact

- **This Pact was signed in August 2007 by the Mato Grosso Soybean Producers Association (Aprosoja), the state government and NGOs - TNC, ISA, Ação Verde (Green Action) and Aliança da Terra (Earth Alliance)**

Objectives

- **Register and license 100% of the rural properties that plant soybeans through SLAPR by 2010**
- **Improve the process of emiting and regularizing LAUs (Sole Environment License)**

Actions by Soy Producers and the Government of Mato Grosso State

→ **100% of the rural properties in Mato Grosso State will have an environmental license by 2010**

- **By 2010, all rural properties in Mato Grosso State will have an environmental license, which means that they will have their APP (areas of permanent preservation) free of any planting and they will have areas of legal reserve.**

- **The action is unique: "It´s the first time that a productive business segment is committed to the adoption of sustainable economic activities, with the support of public organs and entities from civil society." Rui Prado, former president of Aprosoja**

Brazil's Soybean Agribusiness

Efficiency

Best Agricultural Practices

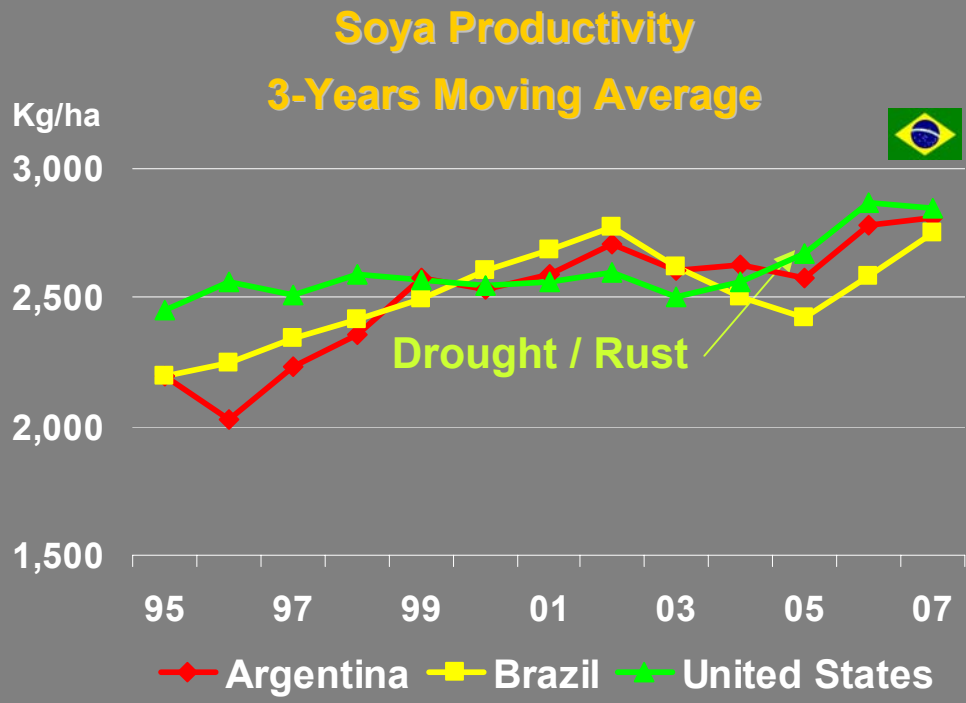
Socio-Economic Benefits

Brazil's Soybean Agribusiness

Evolution of crop techniques, with the "tropicalization" of soybeans permitting the growth of a crop based on an efficient partnership system and gains in productivity

Research and Development

Brazil uses state-of-the-art technology in soybean production (30 years of research)



Source: USDA

Brazil's Soybean Agribusiness

Best Agricultural Practices

- About 17 million hectares (77% of the total) were planted using the No Till system, which avoids erosion. The farmers also use terracing and other conservation techniques.
- Biological pest control.
- Riparian vegetation along the river banks is preserved.
- There is no irrigation.
- Producers add lime to the soil to correct acidity and innoculate the seeds to stimulate production of their own nitrogen.
- Soya is used to recover sugarcane fields and pastures.

Brazil, the world's champion in No Till

No Till in Soya

- Reduces carbon dioxide emissions
- Less erosion and leaching
- Reduction in the use of diesel
- Better use of inputs
- Greater water retention
- Reduction in production costs

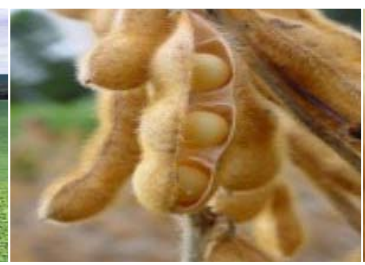
Brazil's Soybean Agribusiness

Economic and Social Importance

- **Soybeans is Brazil's main agricultural crop, both in volume and in generation of income**
- **Over 243,000 producers (small, medium and large)**
- **This sector generates about 1,457 thousand jobs – direct, indirect and income-effect**
- **The Soybean Complex (beans, meal and oil) is one of the country's main sources of foreign exchange (about 10% of total exports)**

Share of National Agricultural Income

Source: CNA and IBGE

Brazil's Soybean Agribusiness

Social Development Vector

HDI (Human Development Index) indicates that soybean crops provided an improvement in the quality of life, education and health, and the infrastructure for transportation in the interior of the country

NB. The value of HDI for Brazil in 2002 was 0.775

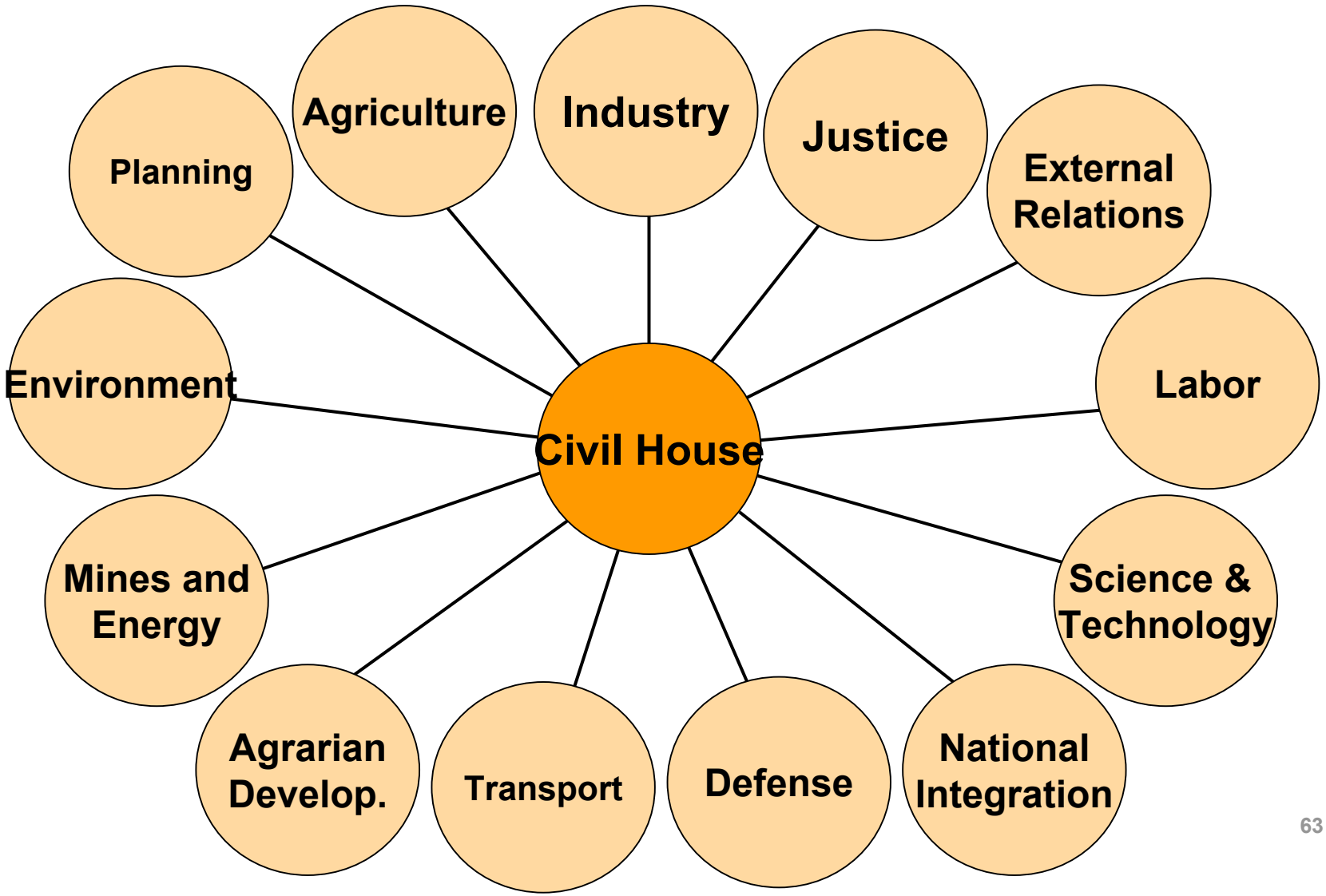
TOWN	HDI-M	CLASSIF. MT	ECONOMY
Campos de Júlio	**0,845**	1	Agricultural
Sorriso	**0,823**	2	Agricultural
Cuiabá	**0,821**	3	Capital
Lucas do Rio Verde	**0,817**	4	Agricultural
Cláudia	**0,813**	5	Agricultural
Campo Novo dos Parecis	**0,809**	6	Agricultural
Sinop	**0,807**	7	Agricultural
Primavera do Leste	**0,805**	8	Agricultural
Alto Taquiri	**0,804**	9	Agricultural
Sapezal	**0,803**	10	Agricultural
Nova Mutum	**0,801**	11	Agricultural
Campo Verde	**0,800**	12	Agricultural
Alto Graças	**0,795**	13	Agricultural
Rondonópolis	**0,791**	14	Agricultural
Barra do Garças	**0,791**	15	Livestock/Industrial
Várzea Grande	**0,790**	16	Industrial
Pontal do Araguaia	**0,789**	17	Livestock
Jaciara	**0,788**	18	Agricultural
Diamantino	**0,788**	19	Agricultural
Santa Carmem	**0,787**	20	Wood

Actions by the Federal Government




Fight against Deforestation Group - 2003

13 Ministries coordinated by the Civil House



Government Control Actions - 2006

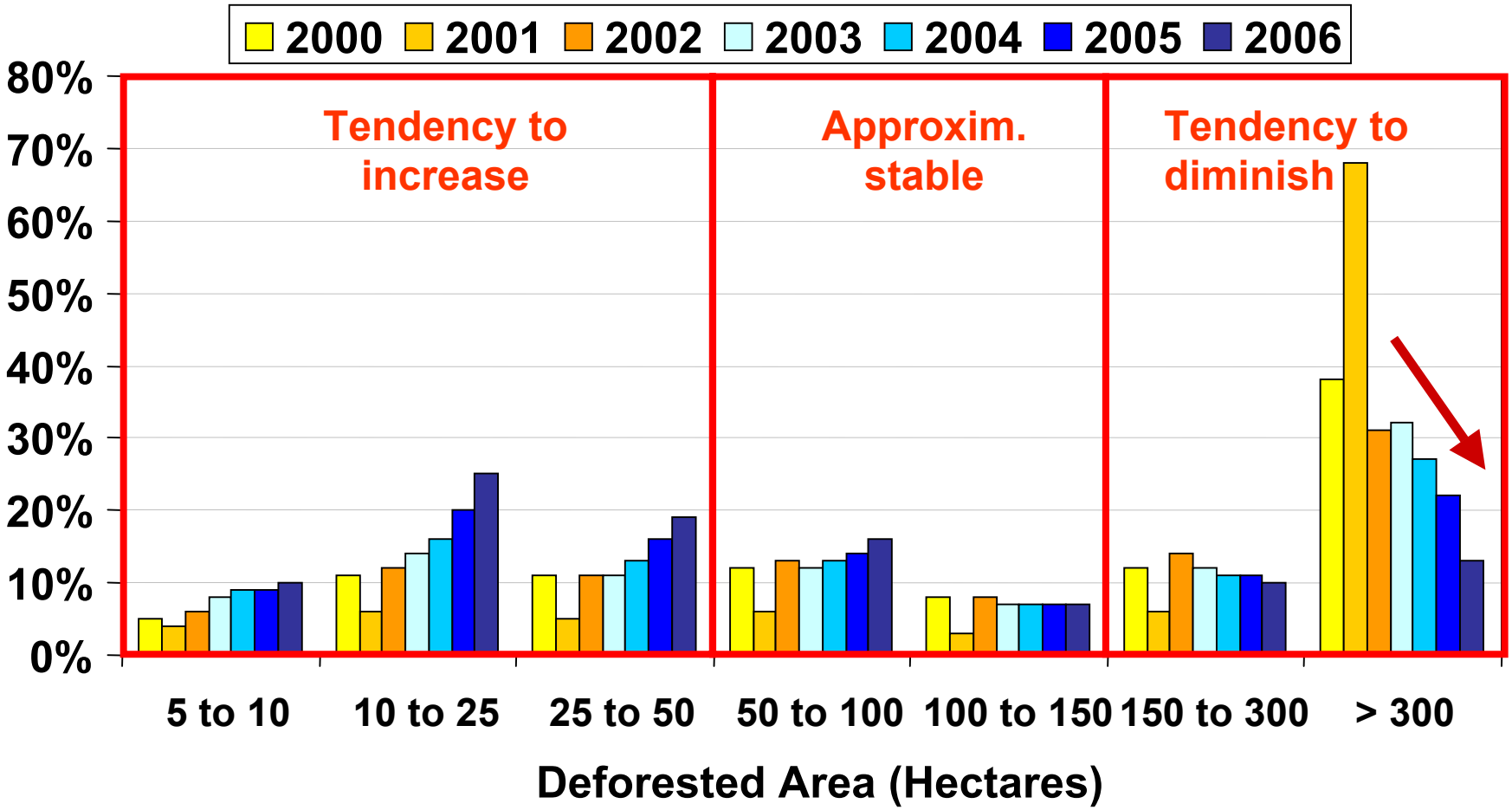
- **446 operations of integrated investigation by IBAMA**
- **Some results reached:**
  - **1 million m^3 of wood seized**
  - **R$3.3 billion (€1.3 billion) in fines**

Other actions with a positive impact on the environment in 2006

- **Creation of environmental conservation areas totalling 20 million hectares**
- **Ratification of indigenous lands totalling 10 million hectares**
- **Total new areas: 30 million hectares or 7% of the Amazon Biome's area**

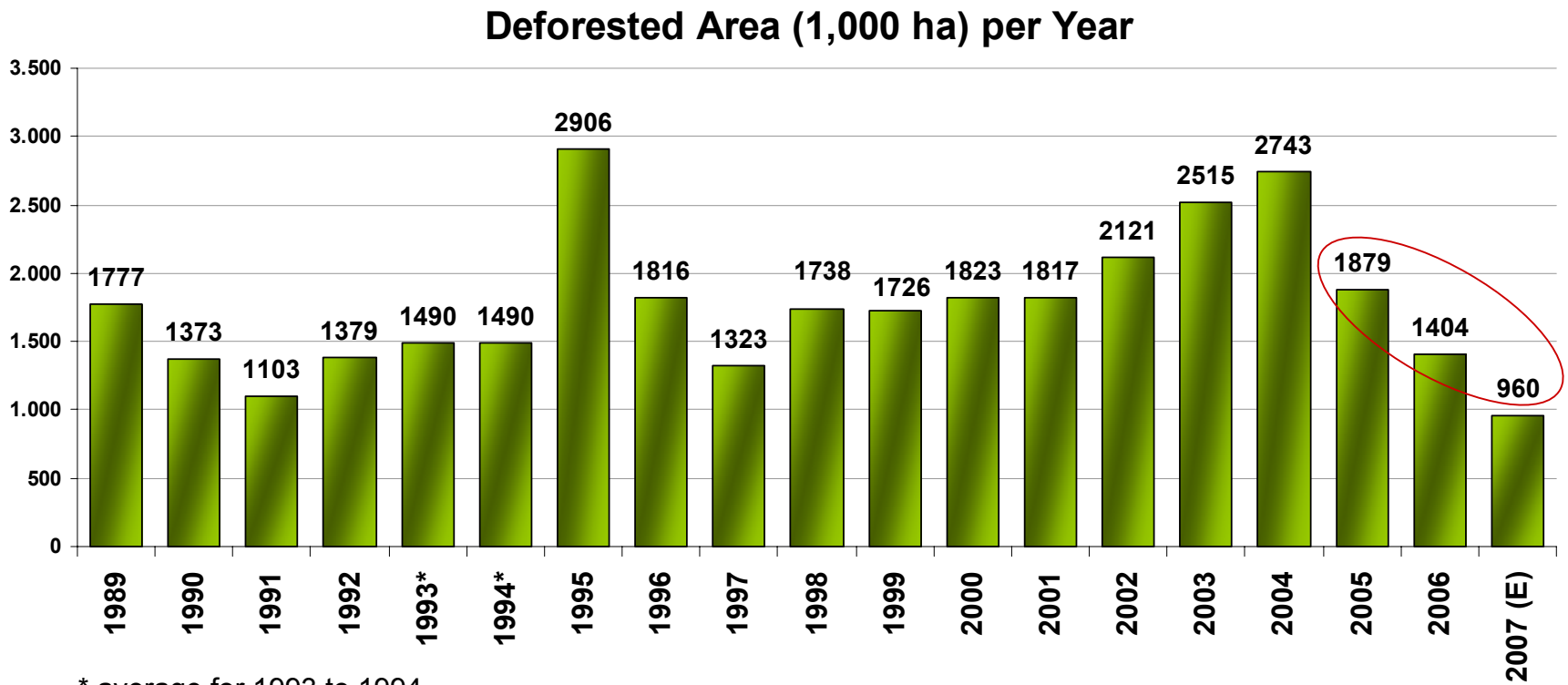
Source: Brasil, MMA

Share of size classes by Total Deforested Area



Source: Ministry of the Environment

Legal Amazon: Deforested Area 1989 - 2007[1]



* average for 1993 to 1994

(E): Estimate

2007 should register the lowest level of deforestation since 1989

Source: INPE

(1) period of 12 months ended on July 31 each year

President Luis Inácio Lula da Silva stated on 24 September that the 25% deforestation drop prevented the emission of 410 million tons of CO2 and avoided the destruction of 600 million trees.

“This is a demonstration that we are evolving in a vigorous way to increasingly combat deforestation and to conserve our forests, our animals. I am convinced that Brazil has what to say in any discussion on the matter worldwide.”


Thank you!
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