



ABIOVE NEWSLETTER ON SOY SUSTAINABILITY

June 17, 2008

Soy Moratorium – Next Steps

1. Industries and trading companies extend the Soy Moratorium and Minister Minc decides to support it

ABIOVE - Associação Brasileira das Indústrias de Óleos Vegetais, ANEC – Associação Nacional dos Exportadores de Cereais and their members decided to extend the Soy Moratorium until July 23, 2009. The announcement was made this Tuesday in an event in which Minister Carlos Minc, the business sector, and civil society signed the commitment to extend the Moratorium in its original conditions for an additional period of one year, a time that the Minister of the Environment considers is required to implement the Ecologic Economic Zoning (ZEE). The objective of the Moratorium is the responsible and sustainable use of Brazilian natural resources.

In addition to not buying soy produced in areas that were deforested in the Amazon Biome from July 2006 onwards, the corporate sector will continue with its commitment to work jointly with the Brazilian government bodies, growers and civil society organizations to improve the Amazon Biome governance. It will monitor the Biome to check if there is deforestation after the Moratorium announcement; it will carry out actions of awareness for soy growers on compliance to the Brazilian Forest Code, and it will collaborate and insist with the Brazilian Government on the definition of public policies that organize soil use, such as the Ecologic Economic Zoning.

2. Ministry of the Environment will take part in the Moratorium

Minister Minc's decision of "taking the Soy Moratorium on board", sharing challenges and responsibilities with the other members of the Soy Moratorium is a new fact of the highest relevance, said Carlo Lovatelli, President of ABIOVE. Government has a strategic role in environmental management and in improving governance. The Ministry of the

Environment will promote and support the implementation of the ZEE in the Amazon states, will attempt to simplify the rural property environmental licensing process and will implement rural property registration, will provide the Biome map in an appropriate scale, will cooperate with other government bodies and will defend the creation for the sustainable production economic encouragement programs.

Zoning will put in good order the correct use of land in the region, guiding productive investments according to environmental, social and economic characteristics and capabilities of each state. There is no specific official guidance on where to produce soy and the Forest Code establishes for the whole Amazon Biome (419 million hectares) a single percentage of Legal Reserve equal to 80 percent of the property. Fields and forests are being treated exactly the same way.

Soy growers say that they are willing to license their properties, however they allege that it is a slow process because there is too much bureaucracy. On the other hand, they would like to see the government create programs that compensate them for providing environmental services and for giving up on their right to use 20 percent of their properties productively.

3. Civil Society will continue to provide assistance to the Soy Workgroup (GTS)

The experience and knowledge of the Civil Society Organizations will continue to be valuable for the coordination of the Soy Moratorium as well as to perform actions of the subgroups of the workgroups. Their contributions will also be important to defend and stimulate the creation of mechanisms that compensate environmental and forest preservation services rendered. We expect that civil society take part and increase its participation more and more in the communication coordinated actions and that it recognized the efforts made by other members of the Moratorium and the results obtained.

4. Soy is not an important factor in the Amazon deforestation

Today, soy occupies three thousandths (3/1000) of the Amazon Biome, therefore it does not have an important role in the Amazon forest deforestation. The Legal Amazon is a merely administrative concept, which includes biomes with very different characteristics, and 80 million hectares are not forests

Soy has been very criticized during the last three years under the allegation of pressuring the forest, however the empiric data on soy plantations indicate the contrary: the area planted with soy was reduce by more than 2 million hectares in relation to the peak of 23.3 million hectares in 2005.

It is too early to speculate whether soy is or is not one of the relevant causes of the current deforestation. The strong increase in international prices, which is counterbalanced by an increase in production costs and the appreciation of the Brazilian currency, has contributed for the area to be planted in the next 2009 crop to be close to that registered in 2005 (23.3 million hectares). The USDA (United States Department of Agriculture) estimated an area of 23.2 million hectares and the main publication of the industry - Oil World of Germany, forecasted 22.4 million hectares.

Area (in 1,000 hectares)								
CONAB							2009 Forecasts	
	2003	2004	2005	2006	2007	2008	USDA	Oilworld
MT	4,420	5,241	6,105	6,197	5,125	5,657	NA	NA
Brazil	18,475	21,376	23,301	22,749	20,687	21,219	23,200	22,400

Production (in 1,000 tons)								
CONAB							2009 Forecasts	
	2003	2004	2005	2006	2007	2008	USDA	Oilworld
MT	12,949	15,009	17,937	16,700	15,359	17,738	NA	NA
Brazil	52,018	49,793	52,305	55,027	58,392	59,503	64,300	63,400

5. Moratorium shows satisfactory results in its two years of existence

A relationship of trust was gradually built in the Soy Workgroup and a common agenda was developed. The corporate sector's and the ONGs' efforts were fully successful in the items of the work agenda that are performed and controlled without depending on the Federal Government and the States.

a) Mapping and Monitoring

The mapping and monitoring system of soy planting in the Biome was implemented with success, using as a base maps and official data on deforestation. One hundred and ninety-three (193) deforested areas selected together by NGOs and companies were inspected, and a pilot project was carried out in three municipalities of the State of Mato Grosso. No soy plantations were found in those areas and monitoring may have contributed to discourage new deforestation.

b) Education and Awareness

Strategies were developed to encourage and to influence soy growers to meet the Brazilian Forest Code provisions, as the distribution to soy growers, researchers and others of booklets on best production practices. The participating companies also dealt with the theme of days in the field. It was noted that the representative entities of rural growers are also developing a proactive agenda to influence their members on environmental issues.

c) Public Policies

The GTS assisted and insisted with the Brazilian Government that it define, apply and comply with public policies (Economic-Ecologic Zoning) on the use of land in the region. But policy improvements depend on the initiatives of the government which have been slow and insufficient.

Expectations are optimistic in relation to the new management of the Ministry of the Environment. Minister Carlos Minc decided to adhere to the Moratorium. He wants to expedite the implementation of important tools to serve as guidelines for production sustainable development and to improve supervision conditions, measures that arrive at a good time, since there is no total private monitoring efficiency and it is greatly reduced over time.

6. Combating deforestation causes

Extending the moratorium for an additional period of one year demands a strong effort to implement structuring public policies that effectively improve governance in the Amazon Biome and provide guidance to the business sector activity.

Monitoring is an emergency and temporary measure that does not attack the roots of the problem, and which places in risk the moratorium credibility, especially of the participating companies, due to its operational complexity and partial efficiency.

São Paulo, June 17, 2008