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# Responsible Production in Brazil's Soya Agribusiness

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**Socio-environmental Commitments in Agriculture**

**International Conference – The corporation's commitment for a  
sustainable and just society**

**Instituto Ethos - São Paulo - June 13, 2007**

# Soya Agribusiness in Brazil – Sustainable Actions

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- **Round Table on Responsible Soy – RTRS**
- **Soy Moratorium in the Amazon Biome**
- **National Pact for Eradication of Slave Labor**
- **Instituto ARES**



# Overview of Sustainability

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- **An emerging tendency**
- **A concept in building**
- **A new challenge for society**
- **A strategic element for businesses**
- **Multistakeholder involvement is needed**
- **Requires commitment, effort and patience**

**ABIOVE wants to be an active force in this process, acting proactively in building bases for a sustainable and responsible agribusiness in Brazil**

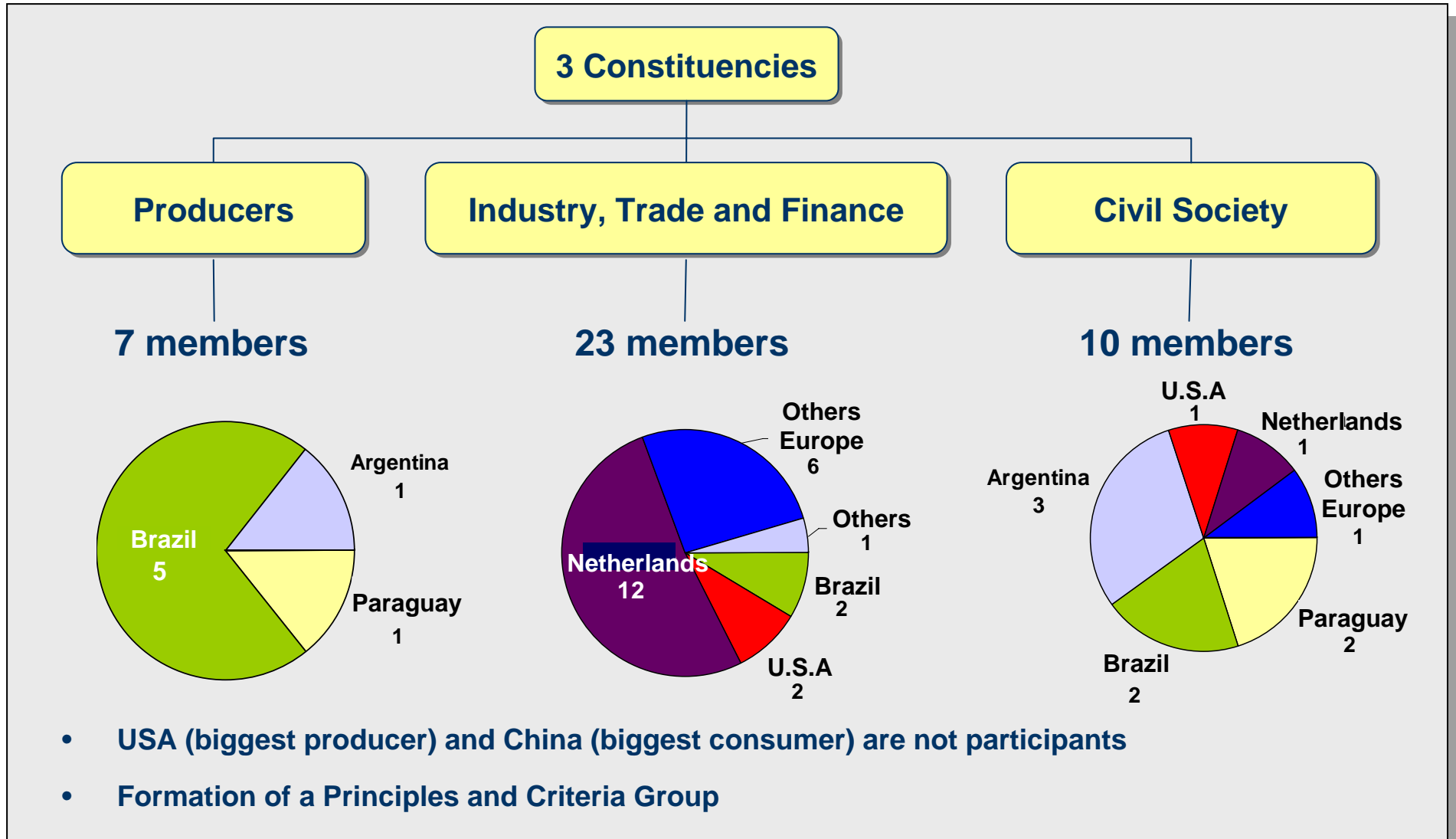
# Round Table on Responsible Soya - Objectives

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- **Develop and promote a standard (principles and criteria) for the production of responsible soya**
- **International forum to monitor production, processing, trading and consumption of responsible soya**
- **Multistakeholder process**
- **Facilitate dialogue on the economic, social and environmental viewpoints**

# Round Table on Responsible Soya - Governance



# Soy Moratorium in the Amazon Biome



- Proactive attitude:
  - Even though soya acreage occupies less than 0.3% of the Amazon Biome (and therefore cannot be considered an important vector of this region's deforestation), soya processors and exporters decided to declare a Soy Moratorium

Soy Production in Brazil, in Legal Amazon and in the Amazon Biome			
	Total Area Land (millions of hectares) (a)	Soya Acreage 2005 Crop (millions of hectares) (b)	Soya Participation (millions of hectares) (b) / (a)
Brazil	851	23.4	2.7%
Legal Amazon	510	7.0	1.4%
Amazon Biome	419	1.1	0.3%

Source: IBGE – preparation based on PAM 2005 (Municipal Agricultural Production)



## A N N O U N C E M E N T

The ASSOCIAÇÃO BRASILEIRA DAS INDÚSTRIAS DE ÓLEOS VEGETAIS – ABIOVE (Brazilian Association of Vegetable Oil Industries), the ASSOCIAÇÃO NACIONAL DOS EXPORTADORES DE CEREAIS – ANEC (National Association of Grain Exporters) and their respective members are committed to the implementation of a governance program, whose objective is to not trade soya from the crop that will be planted as of October 2006 that come from areas within the Amazon biome, that are deforested after the date of this announcement.

This initiative, which will last for two years, seeks to reconcile environmental conservation with economic development, through the responsible and sustainable use of Brazil's natural resources. During this period, the sector is committed to working with Brazilian government entities, and entities which represent rural producers and society to:

- a) Prepare and implement a plan that includes an effective mapping and monitoring system for the Amazon biome or based on the official map of the corresponding area received from the Federal Government;
- b) Develop strategies to encourage and move soya producers to comply with the Brazilian Forest Code;
- c) Work together with interested sectors to develop new rules on how to operate in the Amazon biome, collaborating with the Brazilian government and getting them to define, apply and comply with public policies (economic-ecologic zoning) regarding land use in this region.

The sector reiterates its repudiation of slave labor and companies have incorporated into their soybean purchase contracts a clause allowing a breach of contract if it transpires that the seller used labor analogous to slavery.

São Paulo, July 24, 2006

ASSOCIAÇÃO BRASILEIRA DAS INDÚSTRIAS DE ÓLEOS VEGETAIS – ABIOVE

ASSOCIAÇÃO NACIONAL DOS EXPORTADORES DE CEREAIS – ANEC

# Soy Moratorium in the Amazon Biome

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- Announced on July 24, 2006, with a duration of two years

**ABIOVE and ANEC are committed not to trade soya that comes from areas within the Amazon Biome that are deforested after this date**

- Objectives:
  - Meet the growing concern of the European importers as regards the conservation of the Amazon Forest
  - Unite the business sector and NGOs, with the objective of developing a governance structure for the responsible production of soya in the Amazon Biome

# Soy Moratorium in the Amazon Biome

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- **ABIOVE invited several NGOs to form a Soya Working Group (GTS) for the joint implementation of the Moratorium:**
  - **Greenpeace**
  - **WWF**
  - **Conservation International - CI**
  - **The Nature Conservancy**
  - **IPAM**
  - **Articulação Soja Brasil**

# Soy Moratorium in the Amazon Biome



## Working Subgroups

### Mapping and Monitoring

- Identification of the mapping and monitoring tools (satellites)
- Definition of field evaluation
- Involvement of government and non-government institutions

### Education, Information and Forest Code

- Official pamphlet to teach producers about the Soy Moratorium and Best Agricultural Practices

### Institutional Relationship

- Relationship with government – participation in the Soy Moratorium
- Involvement with the following Ministries/entities: Executive Office, Agriculture, Environment and Science & Technology, Embrapa, INPE, Ibama, IBGE, INCRA and Censipam

# Soy Moratorium in the Amazon Biome

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- **Relationship with Government**
  - The problem of badly defined property rights is the main reason for the inefficiency of environmental laws in containing illegal deforestation
  - About 47% of Legal Amazon is public land or land under dispute
  - New parameters need to be established for the title to public lands, as well as programs to regularize landed properties in the region to improve law enforcement

# Soy Moratorium in the Amazon Biome

- According to SAD, Imazon's Deforestation Alert System, deforestation in the State of Mato Grosso has decreased significantly, compared to prior years

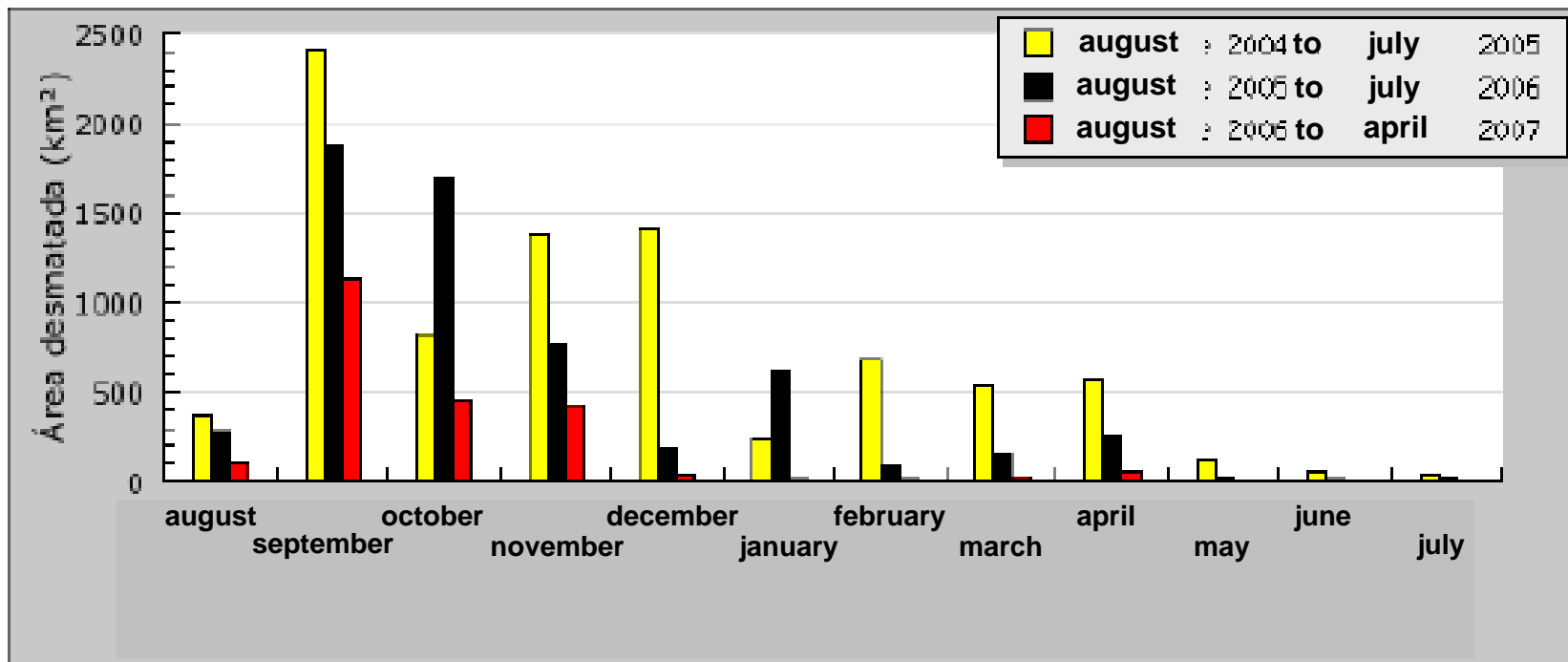


Image 1. Monthly deforestation – period from August 2004 to April 2007.

# The Sector's “Zero Tolerance” with “Slave Labor”

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- **ABIOVE is a signatory of the National Pact for Eradication of Slave Labor**
  - Instituto Ethos
- **The soy production chain adopted a policy of “Zero Tolerance” with “Slave Labor”, including:**

- **Inclusion of a clause in its soya purchase contracts that annuls these contracts if labor analogous to slave labor is employed;**
- **Participation in the RTRS that will require compliance with WTO standards**

# Soya Production in Brazil



- Soy production demands large investments in agricultural machines, human resources (qualified), technology, logistics and working capital



- Soy production is incompatible with poorly qualified labor

ARES

I n s t i t u t o   p a r a   o   A g r o n e g ó c i o   R e s p o n s á v e l

# ARES – Mission and Objectives

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- **Mission:**

- Contribute to the development of sustainability in Brazil's agribusiness through the production of knowledge and dialogue with society and communication

- **Objectives:**

- Permanent generation of knowledge on sustainability in agribusiness, generating technical and pragmatic information
- Promote ample dialogue with NGOs and research institutes
- Provide support and influence government actions related to sustainability in agribusiness
- Establish communication with direct and indirect stakeholders

# How can Sustainability in Agribusiness be Improved?



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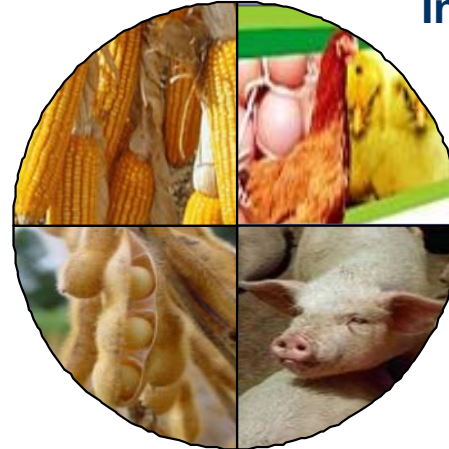
## Add Value to Production

### Current Model- Center-West



Soy meal and corn are the main ingredients of feed for poultry and pigs

### Integrated Model



Conservation through use

- Good Agricultural Practices
- Conservation of the Environment

Diversify and add value to grain production through meat production (poultry and pigs) in the Cerrado

Environmental benefits

Socio-economic benefits

Makes Crop Rotation Possible

Creates income for the large and small farmer

Reduces Monoculture

Reduces the use of agrichemicals

Reduces pest infestations (Asian Rust)

Resources needed to preserve the Environment (Legal Reserve)

Makes the small producer in the Cerrado feasible (integration in the production of pork)

# How can Sustainability in Agribusiness be Improved?



**A** How can grain production in the Cerrado be diversified and have value added?



## Reducing the barriers to the international meat trade

### Protectionism leads to Monoculture

Rich countries only import raw material, making it impossible for developing countries to diversify production and add value to products

Product	EU	USA	Japan
Demerara Sugar	<u>161*</u>	<u>167*</u>	<u>154*</u>
Ethanol	47*	48*	83
Soybean Meal	0	2*	0
Frozen Chicken Parts	95*	17*	12
Pork	51*	0	310*
Frozen Beef	<u>177*</u>	26	50
Tobacco	25*	350	0
Orange Juice	15	45*	21

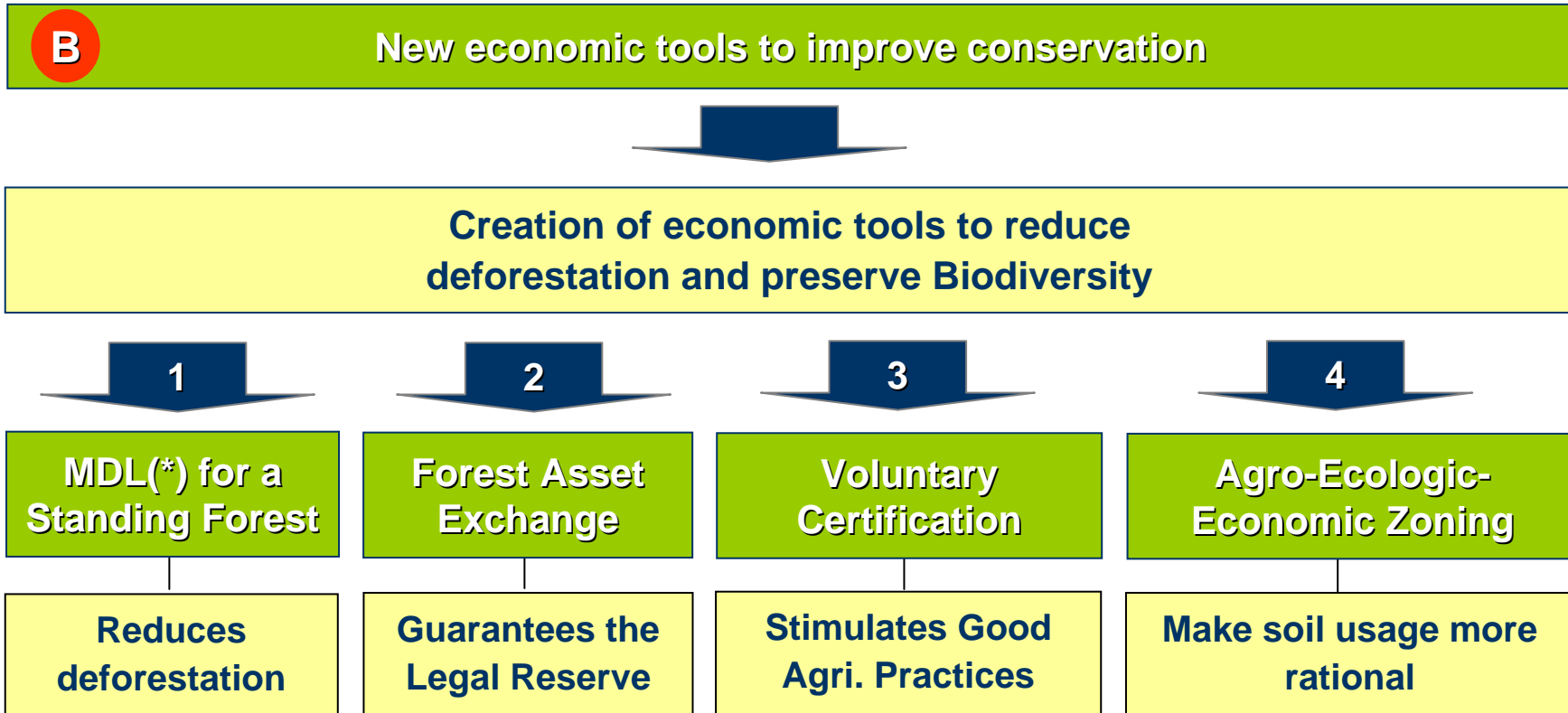
(\*) indicates that a specific tariff was converted into Ad Valorem Equivalent (AVE).

Underlined numbers indicate the existence of Special Safeguard Measures (SSG).

 indicates sanitary restrictions which act as trade barriers.

Source: WTO

# How can Sustainability in Agribusiness be Improved?



# Thank You

For more information, please visit our web site:  
[www.abiove.com.br](http://www.abiove.com.br)