

Soy Moratorium in the **AMAZON BIOME**

1st YEAR REPORT
July 24, 2007

GTS Soybean Working Group



RESPONSIBLE PRODUCTION: SOY MORATORIUM IN THE AMAZON BIOME

ABIOVE (Associação Brasileira das Indústrias de Óleos Vegetais) and **ANEC** (Associação Nacional dos Exportadores de Cereais), together with their respective associates, agreed to not trade soybean produced in the area of the Amazon Biome,

deforested after July 24, 2006. This commitment is valid for two years.

Furthermore, in the Moratorium statement, the Soy sector reiterated its repudiation concerning the use of labor that is analogous to slave labor.



What is the Soy Moratorium?

It is a unique initiative, which harmonizes Environmental preservation with the region's economic development, through a structure of Governance that provides guidance for the responsible and sustainable use of its natural resources.

In this report we present the actions that were performed during the first year of the Moratorium, as well as suggestions of activities that should be implemented to ensure their effectiveness.



Objectives

There are two main objectives:

To develop a **Governance structure** for the responsible production of soybeans in the Amazon Biome, discouraging deforestation;

to meet clients' growing concern in relation to the **Amazon Forest conservation**.



Soy Moratorium in the AMAZON BIOME

Productive sector proactive action

In spite of the small extension occupied by soybean plantations in relation to the deforested area of the Amazon Biome (1.6%), the productive sector acted proactively and announced the Soy Moratorium with the purpose of establishing clear rules on how to operate in this environmentally sensitive area.



Of the 367 million hectares of forest that form the Amazon Biome, 67 million had already been deforested.

SOURCE: IBGE

How is the Soy Moratorium being implemented?

Private initiative and civil society have joined efforts to prepare tools aimed at preventing deforestation and proposals suitable to local reality, respecting the law, combining technical knowledge, international demands, and social and environmental characteristics of the Amazon Biome.

The Soybean Working Group GTS was created with the mission of defining the Moratorium operational module. This group is responsible for establishing the agenda of the work to be done, providing strategic decisions, and defining the actions that will be developed by the sub-groups.

GTS Coordination

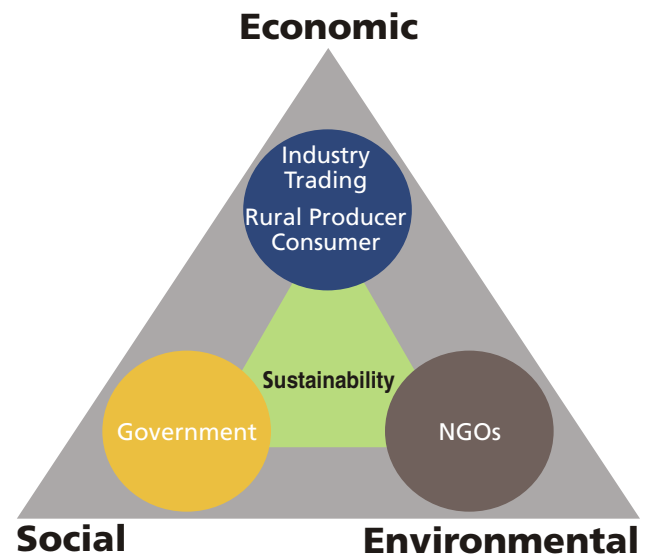
The entities ABIOVE and ANEC act as coordinators for the **Corporate Sector** together with the **member companies** ADM, Amaggi, Bunge and Cargill. Civil Society is represented by Articulação Soja Brasil, Conservação Internacional, Greenpeace, IPAM, TNC and WWF Brazil.

Other Participants:

The following NGOs have also contributed to the moratorium activities: Amigos da Terra, Imazon, Imaflora and Sindicato dos Trabalhadores e Trabalhadoras de Santarém.

Synergy among agents

The balance among the environmental, social and economic pillars can be reached with the participation of corporate segments, civil society organizations, consumers and government.



The main causes of the Amazon Biome deforestation are:

Institutional weaknesses of the federal and state government bodies, responsible for deforestation monitoring and controlling;

Opening of roads and other infrastructure works without any previous territorial organization and environmental management;

Absence of government policies (credit, technical assistance and research) to encourage adding value to the forest, for environmental management and services, and better use of the areas that were deforested already;

Illegal public land occupancy, where deforestation has been used to establish the ownership, many times in social conflict situations;

Creating rural settlements in inadequate areas, and without any survival conditions for families.

Expansion of the Agribusiness.



Soy Moratorium in the AMAZON BIOME

Agenda

The entities that take part in the Moratorium are contributing to improve the sustainability conditions for the local agribusiness through three working sub-groups.

Sub-group

Mapping and Monitoring

Objective

To identify the properties that were deforested after the Moratorium was announced and where soy was planted. This information will be used to guide commercialization monitoring.

Main Attributions

Definition of the Amazon Biome

The reference base for the action area of the Soy Moratorium will be the most updated limits of the Amazon Biome as defined by IBGE.

Forest coverage in August 2006

Mapping of the areas that were deforested after the Moratorium statement in July 2006 will adopt as its starting point the forest coverage in August 2006, according to data of the deforestation monitoring system PRODES of INPE, based on satellite image analyses.

Preliminary Analysis of the post-Moratorium deforestation

Areas deforested after the announcement of the Soy Moratorium will be preliminarily defined through Amazon's Deforestation Warning System SAD or INPE's DETER, with the purpose of guiding the mapping and monitoring actions.

Identifying post Moratorium deforestation

Using PRODES of INPE system data for August 2007, the areas deforested after the Moratorium will be identified by comparison to the August 2006 data.

Identifying soybean plantations in deforested areas after July 2006

The areas deforested after the Moratorium will be inspected through field campaigns carried out by a third party company, to identify those that are used to plant soybeans. The result of this work will be the target for an independent auditing.

ABIOVE and ANEC are finalizing an origination-monitoring proposal, so that the soybean planted in deforested areas after July 2006, will not be traded by their members.



Poster



Sub-group

Education, Information and Forest Code

Objective

To spread good agricultural practices and social & environmental care to be used locally.

Main Attributions

To prepare awareness material

An educational and awareness booklet was prepared for the region producers, teaching entities and other parties interested in the Soy Moratorium, the Good Practices in Agriculture, and Environmental Laws and Regulations;

To create educational actions

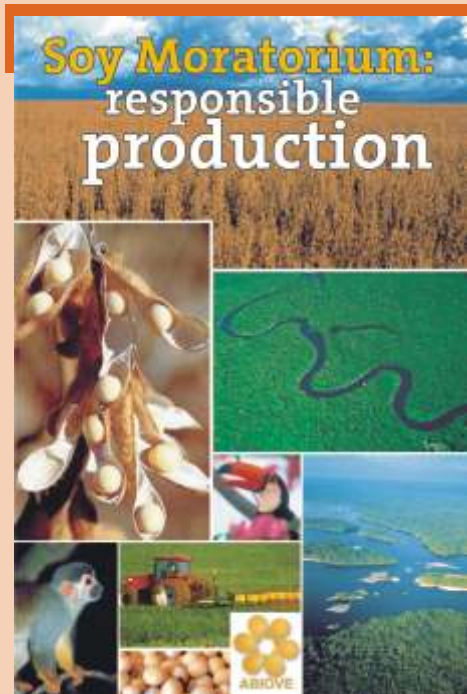
To work in the direction of creating the necessary actions for the Moratorium effectiveness to reach rural producers and other involved economic, social and political agents, especially those of local prominence, contributing for the agribusiness balance between economic needs and social and environmental conservation, in a conscious manner and complying with laws and regulations;

To develop programs for the Environmental Licensing process

To implement mechanisms to expedite the environmental licensing process of rural properties involving Registers' Offices, Regulating Agencies etc.;

To encourage studies

To develop studies on legal reserves/permanent conservation.



BOOKLET

Summary

- 3 Presentation
- 4 The environmental challenges
- 8 The soybean market
- 10 The soybean moratorium
- 14 Understanding the Forestry Code
- 20 Best practices

Content

- Global warming and the Amazon region importance
- Corporate social responsibility
- Contextualization of the soybean market
- What is the Moratorium?
- Proposals and objectives
- How it is being conducted
- Stages
- Participants
- Understanding the applicable Forest Code
- Current laws for the Legal Amazon and the Amazon biome (specificities)
- Provisional Measure No. 2166/67
- Instructions to register and documents required
- Occupational Safety
- Effluent controls (pesticides, erosion)

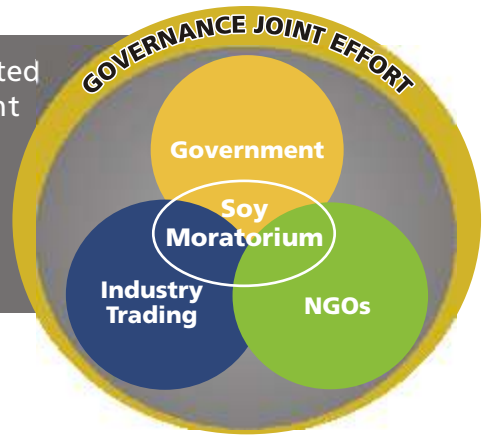
Soy Moratorium in the AMAZON BIOME

Sub-group	Institutional Relations
Objective	To promote the GTS's approach to members of governmental bodies in order to require governance tools and improve the sustainable development policies for the Amazon Biome.
Main Attributions	<p>To stimulate the implementation and improvement of laws and regulations To improve mechanisms of command and control (inspection and penalties);</p> <p>To develop a strategic plan for the Amazon Biome To generate jobs and income for over 20 million inhabitants in the region, maintaining the highly valued ecosystems.</p>



Important causes of the Amazon Biome deforestation are related to the governmental sphere. Therefore, government participation is fundamental to the success of the Soy Moratorium.

And government can be the leading manager of the Amazon sustainability with the participation of the corporate sector and civil society organizations.



Governance Problems

Poorly Defined Property Rights

The poorly defined property rights problem, worsened by the vast area that requires inspection (419 million hectares), is the main cause of the ineffectiveness of environmental laws to stop illegal deforestation in the Amazon Biome. This generates difficulties to identify violators and to impose penalties.

Approximately 40% of the Legal Amazon territory is government land in dispute that end up being victims of a perverse mechanism, in which the new areas are first deforested and then ownership of the land is filed for. That is why it is necessary to establish an official registration system of the rural properties, and land regularization programs in the region to improve law enforcement.

How can the Government help?

In May 2007, the GTS met for the first time with the representatives of the federal government. In that opportunity, various demands were identified:

To expedite the availability of the Amazon Biome maps by the Ministry of the Environment and or IBGE, in an appropriate scale, giving priority to the north of Mato Grosso and the borders of Maranhão;

INCRA to register and enroll rural properties, giving priority to the critical areas;

To encourage the implementation of Environmental Licensing by the states or by the Ministry of the Environment;

To speed up the preparation of the Ministry of Agriculture plan to use the already degraded areas;

To strengthen INPE's budgetary

allocation and to improve the coordination of the other agencies generating information, to void data "Outage";

To intensify the actions provided in the Program for Preventing and Controlling Deforestation in the Legal Amazon;

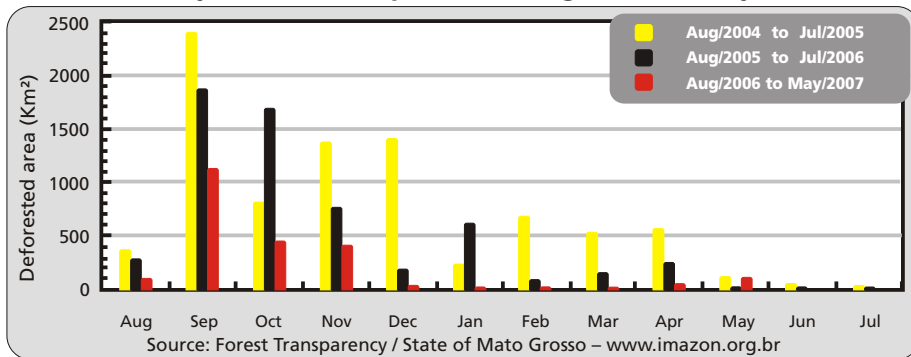
To implement participative Ecological and Economic Zoning.

Soy Moratorium in the AMAZON BIOME

Drop in deforestation

According to Imazon's Deforestation Warning System (SAD), available on the website www.imazon.org.br, deforestation in the state of Mato Grosso has been significantly reduced between August 2006 and May 2007, and is equivalent to only 40% of the deforested total during the same period of the previous year.

Monthly deforestation – period from August 2004 to May 2007



How to improve the AMAZON BIOME conservation?



Legal Reserves

Current laws and regulations impose on Brazilian rural producers the obligation to conserve 80% of the forest areas and 35% of the cerrado (Brazilian savannah) areas with no government consideration generating income to compensate rural producers for providing environmental services.



Payment for Environmental Services

The use of Economic Instruments to remunerate environmental service rendering is an efficient option to reduce deforestation and to preserve biodiversity.



Payment for "Standing Forest" ["Floresta em pé"] - Reduces deforestation (example: "Forest Grant" of the Amazon state);

Forest Assets Exchange Guarantees the Legal Reserves;

Remunerated Certification Stimulates the Good Agricultural Practices.



What has been done up to now

- Building confidence and dialogue: Industry, Civil Society and Government;
- Identification of the tools required to implement the Moratorium;
- Survey of options to monitor soybean trading;
- Booklet on the good agricultural practices and guidance to rural producers concerning the Moratorium and the Forest Code;
- Diagnosis of the critical points:
 - Land use disposal;
 - Land mapping and regularization of rural properties;
 - Resources to compensate for prevented deforestation.

The major challenge will be to expedite the implementation of the Moratorium mapping and monitoring system and the use of some already existing tools that can be extremely efficient in the Amazon Biome governance:

- **Implementation of the Environmental Licensing System for Rural Properties (SLAPR) by the Brazilian states;**
- **Registration of Rural Properties;**
- **Land Regularization Program;**
- **Participative Ecological and Economic Zoning;**

Environmental licensing (SLAPR) will enable the knowledge of the property situation in relation to complying with environmental laws and regulations;

The enrollment of rural properties at INCRA is already compulsory to register the sale and other types of property transfer above 1,000 hectares in the property record and will allow identifying the owners of the farm, improving the command and control mechanisms, enabling access to data on the internet;

Land regularization is regulated differently according to property dimensions. In some states, the regularization is more advanced. The cartographic base of the state of Mato Grosso must be updated and organized.

The participative Ecological and Economic Zoning will discipline the rational and organized occupation of the soil of each Brazilian state, and depends of state government actions, such as public consultations and state law approvals.

Other important activities that should be developed:

- Soy Moratorium website, which will provide transparency of the actions and will improve communications between the involved agents and society in general;
- To improve rural producers approximation (main agent of the process) to further increase their sensitivity concerning the importance of Sustainability.

GTS NEXT STEPS

SOY MORATORIUM

REPORT - 1ST YEAR
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