



The challenges of the Brazil soy value chain

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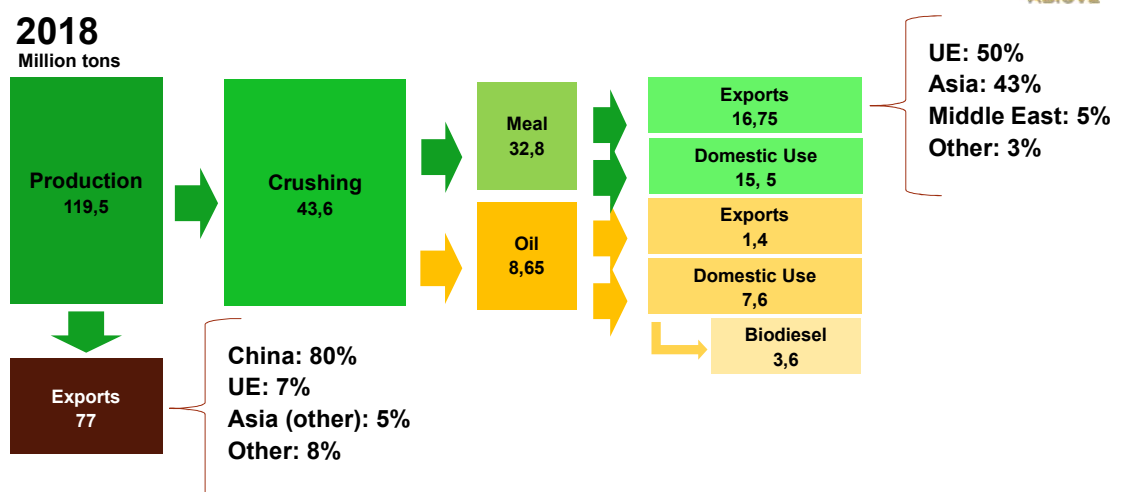
Summary



- Soybean value chain in Brazil
- Soybean production expansion: planted area and yield increase
- The Brazilian territory
- Soybean expansion patterns in Brazil: Amazon and Cerrado
- Soy Moratorium and Cerrado Working Group
- Procurement Policies and Traceability Platforms

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Soybean Value Chain: Supply and Demand. Demand is Uneven, China is too Big

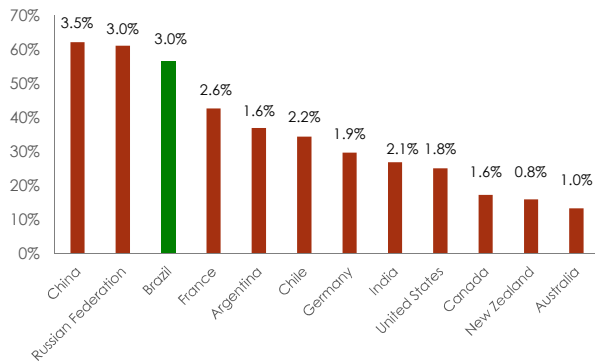


Source: ABIOVE

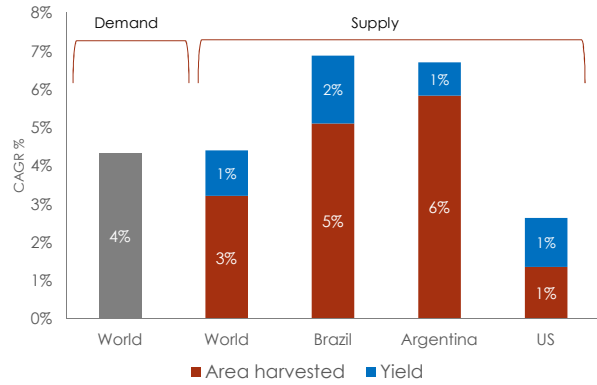
Soybean Production Expansion: Yields are Growing Strongly but Area Expansion is necessary to Meet Demand Growth



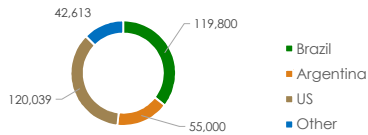
Agricultural Sector: Total Factor Productivity Growth (2000 to 2015)



Soybean: Demand and Supply Growth (from 1990 to 2018)



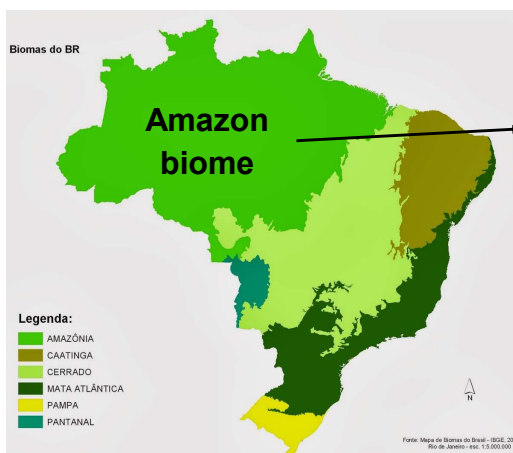
Soybean: Main Producers



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Source: USDA

About the Brazilian territory

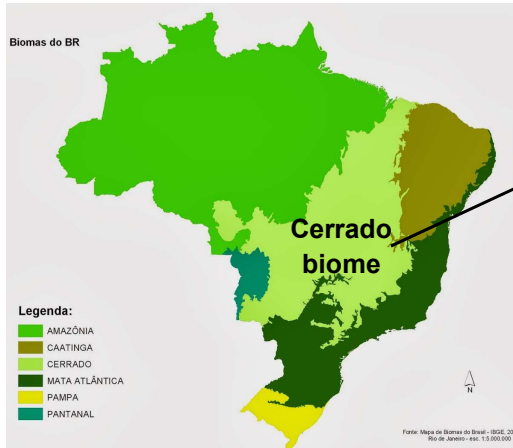


Some facts...

- 4,8 Mha of soybean
- 14.1% of the Brazilian soybean planted area
- 1.14% of the Amazon biome
- 98.6% of soybean expansion occurred in already cleared áreas (from 2008 until now)

Source: Agrosatélite, 2017

About the Brazilian territory



Some facts...

- 17 Mha of soybean (within 38 Mha farms)
- 50% of the Brazilian soybean planted area
- 8% of the Cerrado biome
- 93% of soybean expansion occurred in already cleared areas (from 2014 until now)

Source: Agrosatélite, 2017

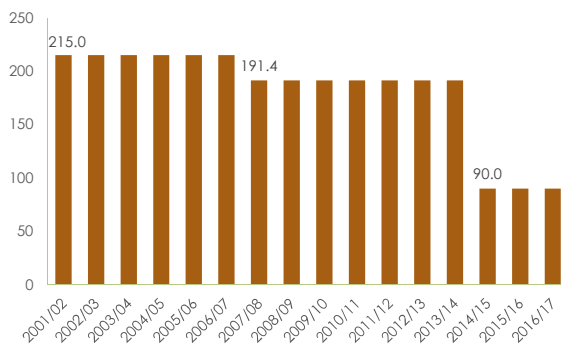
Historical evolution of soybean area on deforestation



Cerrado

**Accumulated Area from 2001/02:
2,900 thousand hectares in 16 years**

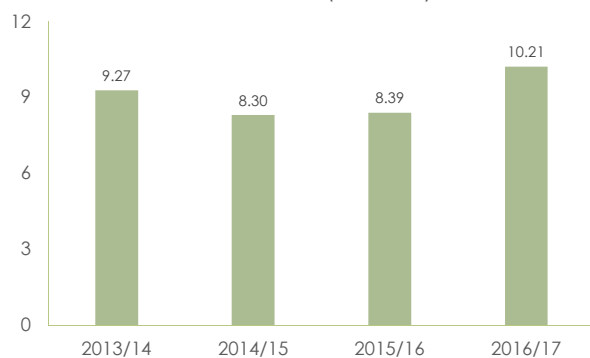
Annual increase of soybean area on deforestation (1,000 ha)



Legal Amazon

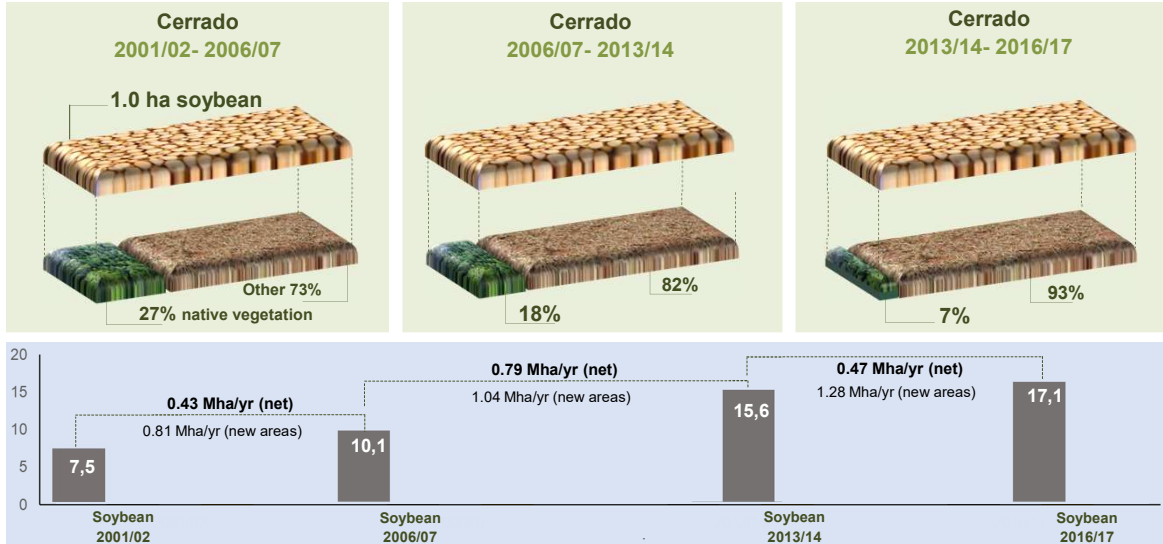
**Accumulated Area from 2008/09:
47.4 thousand hectares in 9 years**

Annual increase of the soybean area on deforestation (1,000 ha)



Source: Agrosatélite, 2018.

How soybean expansion is occurring on Cerrado, 2001 - 2017



Source: Adapted from Agrosatélite, 2018

How soybean expansion is occurring on Amazon, 2008 - 2017

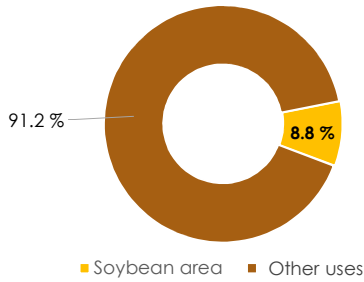


Source: Adapted from Agrosatélite, 2018

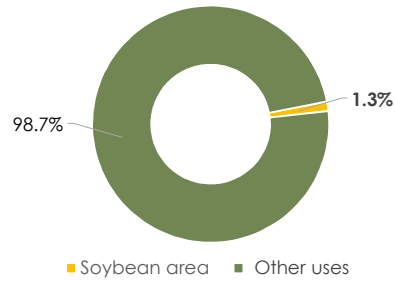
How much soy was planted in newly converted areas



Cerrado (2014 and 2015)



Amazon (2008-2017)



Source: Agrosatélite, 2018

Sectoral Sustainability Programs: Abiove



1. Amazon Moratorium – 12 years



2. Soja Plus – 7 years



Soja Plus



3. Pará State Grain Protocol – 4 years



4. Used oil reversal logistics – 5 years



5. Package reversal logistics – 5 years



6. Cerrado Working Group – GTC – 1 year



Procurement Policies and Traceability



Decision-making process for the purchase / financing of soy by companies:



Soybean

Farm data
Owner data

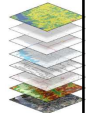
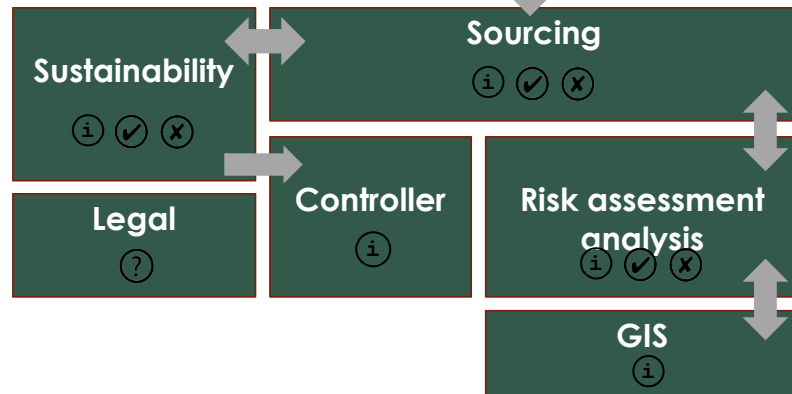


Today

- Soy moratorium List
- Embargoed area List
- Slave Labour List
- Invoice
- Protected areas and indigenous land

Future/under implementation

- Rural Environmental Registry (CAR)
- Deforestation permits



Final Remarks



- Land use change: deforestation associated to soybean expansion is small and decreasing rapidly.
- Brazilian environmental and labor regulations are very strong, delivering high sustainability patterns in the soybean and soy meal.
- Traceability platforms, integrated to official systems (CAR, etc.), guarantee information along the supply chain.
- Market, however, continues to buy soybean and soy meal as a commodity, not rewarding the sustainability patterns in the production.
- The combination between high sustainability patterns and traceability systems allow Brazil to offer several kinds of soybean.