



Amsterdam Declarations Partnership

Towards deforestation-free
sustainable commodities

“European Soya Initiatives”

Background document for the meeting on 12th March 2019

This paper has been prepared as background document to the meeting of European Soya Initiatives in The Hague the Netherlands to enhance coherence and mutual understanding. The meeting forms part of the AD Partnership strategy to enhance deforestation-free, sustainable production and import. The ADP strategy includes:

1. *Facilitate European action:* mainly support the process for developing a EU Communication on Deforestation and Forest Degradation. It also includes influencing trade negotiations.
2. *Stimulate the global value chain approach for agricultural commodities:* Mainly by facilitating and supporting private sector led deforestation-free, sustainable partnerships and landscape / jurisdictional approaches. This meeting is part of that effort.
3. *Enhance the dialogue with major consumer and producer countries:* for soya this mainly includes Brazil, Argentina and China
4. *Enhance monitoring and transparency:* support is provided and use is made of monitoring platforms such as TRASE and Global Forest Watch. It also includes a dialogue with major soya certification standards to enhance their transparency and reporting to assess impact on deforestation and other social-environmental issues, and measure their import and use.

1. Implementation

1.1 Key terminology

Each European Soya Initiative has a different starting point and country context and may define its commitment differently. Coherence in terminology is important to enhance mutual understanding and avoid misinterpretation. In the annex definitions are provided on various key terms, which are similar to the definitions used by the Convention on Biological Diversity, the Food & Agriculture Organisation and the Accountability Framework.

Question: Do we agree on the use of the definitions in the annex?, based upon which each initiative can define its own commitment?

(This is not a discussion on what a deforestation-free commitment entails. See next paragraph)

1.1 Defining a commitment

Legal compliance is considered a minimum and a stepping-stone towards deforestation-free soya. The level of sustainability therefore depends on the national legislation and will differ per country. The Brazilian forest code for example demands 35% of the land to be set aside as legal reserve in the Cerrado of the Legal Amazon. Europe and the U.S. do not have such requirements. Companies should therefore at least adhere to the *FEFAC Soy Sourcing Guidelines* (which includes standards that allow



legal deforestation). Soya commitments may be defined differently by the various initiatives or individual companies. However, in order to give meaning to a deforestation-free supply chain commitment it is advised the commitment includes a target date for the commitment and especially a cut-off date for deforestation (after which land units associated with deforestation are deemed non-compliant). To meet their commitment companies will probably buy certified soya to be used as a proxy and assurance for sustainability.

The definition of forests and woodland areas does not assure their quality, i.e. changes in their structure, composition or function. A way to identify, preserve and monitor the quality of an area is to use the *High Conservation Value Areas approach*. HCVAs are natural habitats, which are of outstanding significance or critical importance due to their high biological, ecological, social or cultural value. Natural habitats retain ecological assemblages, functions and species composition that are attributable to natural evolutionary processes and have not been substantially modified by human activities. The HCVA concept was developed as a tool for managing critical values within a production landscape.

The following certification standards related to soya have cut-off dates for deforestation and have adopted the HCVA concept:

1. Bunge Pro S: 2016
2. Cargill Triple S: 2008
3. CEFETRA-CRS: 2009 (2006 for the Amazon)
4. ISCC: 2008
5. ProTerra: 2008
6. Rainforest Alliance: 2005
7. RTRS: 2009 (2008 for the Amazon)

Additional requirements regarding the standards may include elements such as means of verification, third party audits, complaints mechanism, transparency, the supply chain model etc. The initiative or individual company could (also) have a specific non-GM commitment.

Most soya is produced in woodland areas rather than forest areas. The Amsterdam Declaration on Deforestation has been defined in the context of the Paris Climate Agreement and the Sustainable Development Goals. Deforestation is an important element of global green house emissions and needs to be addressed in order to reach the 1.5-2 degrees Celsius goal. Converting natural forests and woodland areas to agricultural land will lead in most cases to a negative carbon balance. Most High Biodiversity Value Areas will also have a high carbon stock value. The *High Carbon Stock Approach* (HCSA) is a suitable methodology to assess the carbon footprint of the supply chain and avoid conversion. This would mean no conversion of primary forests, mature secondary forests, and natural (native) woodland savannah areas. Conversion would be directed to already cleared land such as cattle pastures and degraded land.

Question: Can we agree on the following key elements / stepwise approach?:

Probably a mayor element in a step-wise approach is first to know the actual soya, deforestation and climate footprint a company has, after which the following steps can be taken.

1. *Ensuring our soya is legally compliant: minimum FEFAC Soy Sourcing Guidelines (target date for full legal compliance?). This does allow for legal deforestation and is thus not a*



deforestation-free commitment.

2. *Ensuring our soya is deforestation-free and sustainable* (with a target date): buy the above-mentioned standards or assurance through other models. An additional requirement to enhance impact can be to buy certificates from specified regions (or even farmers) where the soya originates from.
3. *Ensuring our soya is conversion-free* (with a target date): avoid loss of high carbon stock areas and native vegetation by using the HCVA and High Carbon Stock Approach.

2. Enhanced collaboration on monitoring and reporting

In order to enhance our insight, focus our efforts and communicate on progress it is essential that the national initiatives collect relevant data and report. Agreement on data collection would allow for summing up our combined efforts and will increase our joint relevance.

The information we need in order to be able to assess our exposure to 'unsustainable' soya and to monitor uptake of 'sustainable/ certified' soya (in line with our goals) could include:

- *Data on extra-European import* provided by EUROSTAT: soya beans (code 1201), soya bean oilcake (230400), soya bean meal and flour (120810) and soya bean oil & fractions (1507);
- *Data of intra-European trade*. Because the import and export data figures are collected by individual countries and they deviate from each other we might have to agree on which figures (import or export) to use.
- *Data on 'embedded soya'*. Soya is processed, mainly in feed, and becomes part of the supply chain of various products, which are imported from outside the EU or part of the intra-European trade. In order to assess the soya footprint of products such as pig meat, poultry meat, egg, milk etc, we need to agree on the same methodology. One methodology used before is from LEI Wageningen University¹ (another one by the University of Copenhagen).
- *Level of certified soya*. In order to assess the volume and % of deforestation-free, sustainable soya we could use the proxy of level of certified soya (see par 1.1).

Questions on monitoring, data sharing and reporting:

1. Do we agree to collect, share and report on the above-mentioned data?
2. Will the initiative assess 'embedded soya' and which methodology should we use?
3. If commercial competitiveness is an obstacle for transparent reporting, what would be an acceptable data collection point to aggregate information to a level whereby no individual company can be identified?

¹ Hoste, R., 2014. Sojaverbruik in de Nederlandse diervoederindustrie 2011-2013. LEI Wageningen UR, LEI Rapport 14-098. See also: <http://edepot.wur.nl/391055>



3. Additional efforts?

2.3 Avoiding deforestation in soya agriculture jurisdictions

Soya is produced in many countries including Brazil (33 million ha harvested in 2016), United States of America (33 million ha), Argentina (19.5 million ha), Paraguay (3.4 million ha) and Bolivia (1.3 million ha). Also Europe harvested soya from 4.3 million ha. For the year 2017/2018 the global soya production is estimated at 348 million metric tons. In 2017, the EU imported 33,2 million metric tons of soya of which the ADP signatory countries imported 62%. In 2017, Europe mainly imported from Brazil and Argentina. The China-USA trade war with the 25% import tax by China on American soya, heavily influences the market. In 2017, 89% of Argentinian soya beans were shipped to China and in 2018, 78% of all exported Brazilian soya beans went to China. Europe currently mainly imports soya beans from the USA. In Latin America, soya is associated with the conversion of native vegetation in the Brazilian Cerrado. Further expansion is expected in the Cerrado and in the Greater Chaco region (Argentina, Paraguay and Bolivia).

Even though the European market is a major export market, its relevance is limited as China is by far the main importing country. However, Europe sources a lot of its soya from the Northern states in Brazil, which is closest to ports in the Amazon basin. This is also the region with the highest deforestation figures. Buying certificates from relevant soya standards does not assure there is no deforestation directly associated with soya production in producer country's regions.

In conclusion, a commitment can thus be formulated as "legally compliant", "deforestation-free" and as "conversion-free". To what extent the supply chain commitment supports halting deforestation on a landscape or jurisdictional level depends on the country's legal context and jurisdictional ambitions. Together with target jurisdictions a zero-net or zero-gross deforestation ambition could be formulated and become preferential sourcing areas.

Question: What are potential actions to enhance impact?

1. Keep adhering to the Brazilian soya moratorium.
2. Join the Cerrado Manifesto Statement of Support: The manifesto calls for halting deforestation in the Brazilian Cerrado and is currently signed by 70 global companies, mostly from Europe.
3. Buying certificates from no-deforestation standards targeting specific producer regions with a high deforestation risk. Showing the clear relation between sustainability concerns by European buyers and enhancing the demand for certification in risk regions will hopefully stimulate certification and expansion over cattle pastures and decrease direct conversion by soya. Conversion may be the result of cattle ranching so maybe some additional actions with the Global Roundtable on Sustainable Beef (GRSB) are needed.
4. How to measure and report on impact on the ground i.e. deforestation and sustainability issues associated with soya production?



2.3 Engaging with other demand-side initiatives

The main consumer countries for soya beans are China, United States, Brazil, Argentina, European Union and India. In general, awareness and demand for sustainable soya production and consumption outside Europe is low.

China: In 2017, a South America-China Sustainable Soya Working Group was established.² There seems limited progress since. The AD Partnership supports this work through Solidaridad and is planning to discuss further diplomatic dialogue and cooperation with China amongst the ADP signatory countries in April 2019.

United States: The U.S. has established a U.S. Soybean Sustainability Assurance Protocol (SSAP) and the international certification is Soy Export Sustainability LLC.³ The Assurance Protocol does not allow production after 1 January 2008 on highly biodiverse grassland, wetlands and forested land. SSAP has been positively benchmarked against the FEFAC Soy Sourcing Guidelines. On 29 January 2019, the Commission stated that U.S. soya can be used for biofuels in the European union until 2021 and could be extended if the soya meets the new EU sustainability criteria. It is not clear to what extent U.S. soya is more or less sustainable than for example Brazilian soya.

Question: Do we need more global outreach?

- How do we engage/influence other demand-side initiatives to strengthen the demand for sustainable soya globally?
- How do we engage with producer platforms and initiatives in producing countries to link supply chain actors?
- Do we know enough about soya from none Latin American countries such as U.S.A., Canada and Ukraine? (land use changes, sustainability issues such as pesticide use, GHG emissions).

Annex: Key terminology

Source: FAO, CBD and Accountability Framework all use this terminology.

Conversion-free: (*Accountability Framework, synonym: no-conversion*): Commodity production, sourcing, or financial investments that do not cause or contribute to conversion of natural ecosystems. The term is used in favor of “zero conversion” because “zero” can imply an absolutist approach that may be at odds with the need sometimes to accommodate minimal levels of conversion at the site level in the interest of facilitating optimal conservation and production outcomes.

² <https://www.solidaridadnetwork.org/news/china-and-south-america-open-dialogue-for-sustainable-soy-trade>

³ <https://certification.ussec.org>



Deforestation: The conversion of forest to other land use or the long-term reduction of the tree canopy cover below the minimum 10% threshold. See also 'deforestation-free' below.

Deforestation-free: (*Accountability Framework, synonym: no-deforestation*): Commodity production, sourcing, or financial investments that do not cause or contribute to deforestation of natural forests. The term "deforestation-free" is used in favor of "zero deforestation" because "zero" can imply an absolutist approach that may be at odds with the need sometimes to accommodate minimal levels of conversion at the site level in the interest of facilitating optimal conservation and production outcomes.

The commodity sector could thus contribute to zero-net or zero-gross deforestation on landscape / jurisdictional level.

- a) *Zero-gross deforestation:* no loss of total tree cover not taking into account reforestation or afforestation;
- b) *Zero-net deforestation:* no overall loss of tree cover but includes compensating with reforestation and afforestation.

Forest: Land spanning more than 0.5 hectares with trees higher than 5 metres and a canopy cover of more than 10%, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use. Forest includes natural forests and forest plantations.

Natural or Primary forest: Forest composed of native (indigenous) species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed.

Native species: A species, subspecies of lower taxon, occurring within its natural range (past or present) and dispersal potential (i.e. within the range it occupies naturally or could occupy without direct or indirect introduction or care by humans).

Tree: A woody perennial with a single main stem, or in the case of coppice with several stems, having a more or less definite crown.

Woodland area or savannah: land not defined as "Forest", spanning more than 0.5 hectares; with trees higher than 5 meters and a canopy cover of 5-10 percent, or trees able to reach these thresholds; or with a combined cover of shrubs, bushes and trees above 10 percent. It does not include land that is predominantly under agricultural or urban land use.

The definitions of **sustainability** and **sustainable development** by CBD, FAO and others are mainly based on the original definition by the World Commission on Environment and Development (1988): "meeting the needs of the present without compromising the ability of future generations to meet their own needs." Today, the best way to assess what sustainable development means is to use the Sustainable Development Goals (SDGs). Sustainable soya supply chains contribute to these goals. In addition, the Round Table for Responsible Soya (RTRS) uses the term 'responsible', which has become more or less synonymous with 'sustainable' in the soya sector.