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FEFAC POSITION ON MINIMISING DEFORESTATION RISKS IN THE SOY SUPPLY CHAIN

FEFAC acknowledges the importance of ensuring that the EU helps to counter biodiversity loss, deforestation and any violation of human rights. Soy is a forest risk commodity that can contribute to these issues and the European soy supply chain carries a responsibility to take action where it can. FEFAC welcomes the political ambition to step up action and we are keen on exploring where public-private collaboration can send consistent signals that impact the legislative and market conditions that soy exporting countries operate in, thereby increasing their capacity to deliver on tackling deforestation. We fully encourage the ambition to “not contribute to the problem”, however we wish to highlight that the quest for solutions to “minimise the deforestation risk” must be held against the “maximisation of impact on the ground”. It is our experience that the most significant contributions to tackling deforestation are to be found more in sustainable land management rather than trying to ensure “clean supply chains” through commodity trade.

Illegal vs legal deforestation

FEFAC released its first version of its Soy Sourcing Guidelines¹ in August 2015 and is currently preparing the ground for an updated version which can take into account ‘certified deforestation-free soy’ in order to accommodate the promotion of certified deforestation-free supply chains. We do however insist that requiring legal compliance with environmental legislation is still an ambitious goal to strive for and a means to minimise the risk of deforestation. For example in Brazil, [recent figures](#) show that a significant share of deforestation taking place is considered illegal. In that sense, efforts to try and tackle illegal deforestation should still be seen as part of the strategy to reduce deforestation risks and should therefore not be automatically disregarded because they cannot deliver 100% certified deforestation-free soy. In addition, the enforcement of legal compliance on legislation related to the Brazilian Forest Code also means restoration of forests in certain areas.

Minimising the exposure to deforestation-risk

FEFAC supports the concept of ‘deforestation-risk exposure’ when it comes to soy sourcing, indicating elevated exposure to deforestation risks when sourcing from certain countries/regions. It should be clear that absence of sourcing ‘certified deforestation-free soy’ does not automatically mean elevated exposure to deforestation-risks, considering the vast majority of soy grown in the world is not related to any issues of deforestation. FEFAC would therefore consider that based on means of traceability, it should be possible to consider soy sourced from countries/regions with ‘negligible deforestation-risks’ to be part of a “verified deforestation-free supply chain”. Based on trade statistics, FEFAC in fact finds that for the market year 2018/2019 86% of soybeans used in the EU and 74% of imported soybean meal used in feed in the EU are coming from areas that have a low to negligible deforestation risk.

The “minimisation of the exposure to deforestation-risks” can be done in different ways however. There is a danger in stimulating companies to “avoid deforestation-risk areas”, i.e. the exclusion of certain countries/regions for the sourcing of soy. This indeed ensures the affiliation to deforestation taking place is diminished, but whether this effectively helps to

¹ <https://www.fefac.eu/fefac-positions/sustainability/21551/>

reduce the overall deforestation is questionable. FEFAC would call on the Commission to favour the legislation that encourages investment in sustainable supply chains (including certification and public-private sector agreements) and refrain from any 'penalty system' that only stimulates the geographical avoidance of deforestation-risks. We would also call on environmental NGOs to reflect how they wish to hold companies in the food chain accountable for their soy footprint, particularly those companies that have the means to invest in sustainable supply chains.

The global perspective on soy consumption and impacts on deforestation

As the European Commission has established, the local soy consumption and the more than significant demand from China are factors that need to be taken into account. Given China took over as the main global importer of soy at global level around 2009, FEFAC advises the European Commission to be cautious with using the period 1990-2008 as the key reference period for drawing conclusions on what the most impactful measures could be. With the major developments in the past 10 years (including the Brazilian Forest Code from 2012), the data from 1990-2008 is interesting from an analytical perspective, but should not be leading in finding solutions now.

Soy supply chains are global, complex and not as malleable as some may assume. The dynamics caused by developments such as African Swine Fever and the US-China trade tariff dispute have far larger impacts on shifts in sourcing patterns than commercial drives for sustainability. To have an impact on the ground, there is no way around seeking constructive collaboration with soy producing countries, given that legal enforcement of environmental legislation will always be the far more powerful tool to keep deforestation under control than commercial certification. In this context, also the upholding of the Amazon Soy Moratorium is of great importance. If the rule of law of a given country is not considered to meet EU aspirations, the challenge for the private sector to step in and raise the level of ambition should not be underestimated. A key necessity for the soy supply chain for reasons of transparency is a clear cut-off date that indicates as from what moment in time soy grown on a certain piece of land can be considered "deforestation-free".

The role of the European feed industry

European imports of soy have been relatively stable over the past 30 years, therefore European feed use of soy is not contributing to any increased demand for soy cultivation. It should also not be forgotten that soy is not exclusively used in industrial compound feed production, as feed production at farm level ("home mixing") also consumes significant quantities of soybean meal. In fact, industrial compound feed production in Europe has grown significantly (approximately 15% since 1997) while in several countries soybean products have been increasingly replaced with plant protein alternatives such as rapeseed meal and sunflower meal thanks to animal nutrition innovations, allowing for example for soy-free diet formulation in many dairy operations and reduced soy inclusion rates in pig feed. The relative share of industrial compound feed production as regards total soy use has therefore gone down, but regardless the European feed industry has been a frontrunner in developing sustainable sourcing initiatives, including the stimulation of European protein production. FEFAC remains committed to support the ambition to boost the feed availability of protein in Europe, for example through plant & landless protein production innovation as well as the uptake of non-ruminant processed animal protein, for example processed insect protein, where advantage can be taken from using biomass not allowed for direct feeding to livestock farm animals.