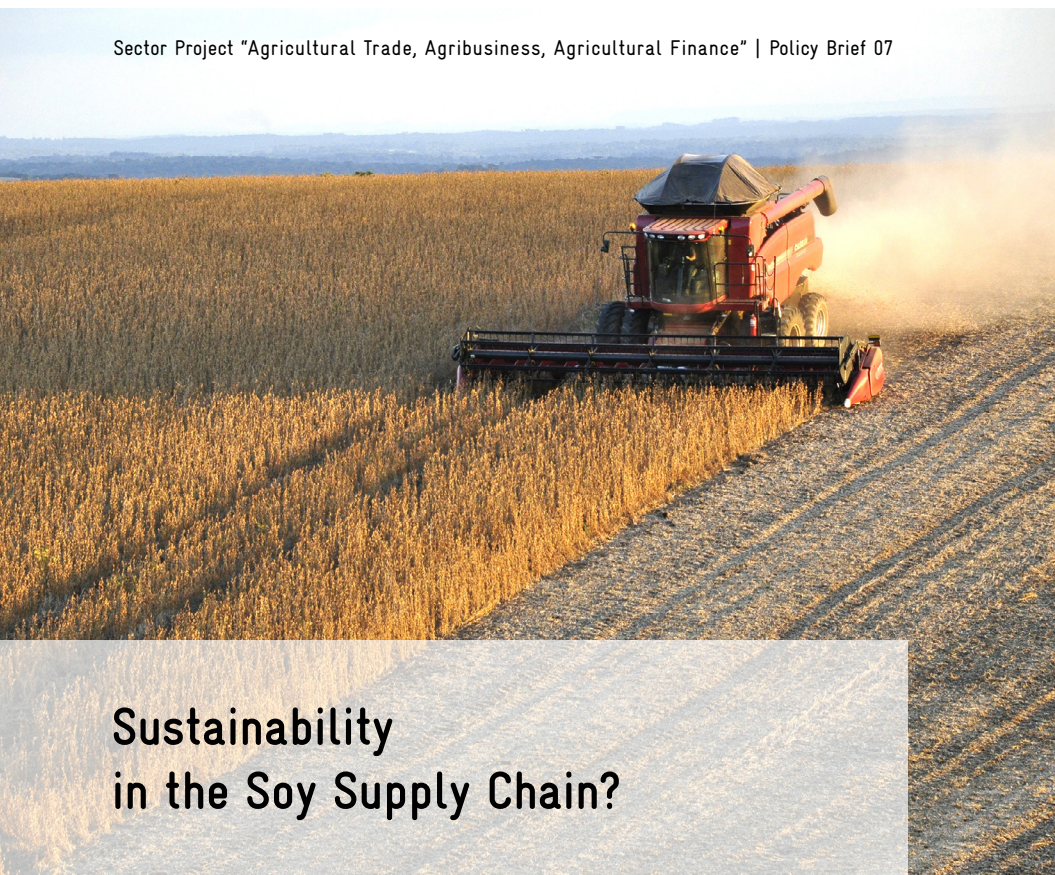




Sustainability in the Soy Supply Chain?

**Regulatory and non-regulatory measures
to support zero deforestation efforts in compliance
with the Sustainable Development Goals**

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Registered offices
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Friedrich-Ebert-Allee 32
53113 Bonn, Deutschland
T +49 228 44 60-0
F +49 228 4460-17 66

E info@giz.de
I www.giz.de

Author:

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Responsible for the content:

Dr. Heike Höffler, GIZ Sector Project "Agricultural Trade, Agribusiness, Agricultural Finance", agritrade@giz.de, <https://www.giz.de/en/worldwide/79509.html>
Katja Albrecht and Franziska Rau, GIZ Programme "Sustainable Agricultural Supply Chains and Standards", <https://www.giz.de/en/worldwide/77960.html>
Nora Loehr, GIZ Global Project "Sustainable Development Solutions Network (SDSN)", <https://www.giz.de/en/worldwide/68407.html>

Editing:
Corinna Peters

Design:
Agnes Weegen, Köln

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On behalf of German Federal Ministry for Economic Cooperation and Development (BMZ)
Lisa Kirfel-Rühle, Department 122: Sustainable agricultural supply chains, International agricultural policy, agriculture, innovation

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The policy brief series of the sector project, "Agricultural Trade, Agribusiness, Agricultural Finance," on behalf of the BMZ, summarises research results generated by the project for public debate among development experts.



SUMMARY

Soybean farming is the most important driver of direct and indirect deforestation in South America. On the demand side, the European Union (EU) is one of the main drivers of this process, importing 34 million tonnes annually (about 22 million tonnes of which come from South American countries). In 2018, the EU made up 15 % of the consumption of global soy production. Only China imported more soy products, accounting for 42 % of global soy production in 2018. It is important for the EU to address the negative environmental and social impacts related to the soy supply chain, as soy is a major driver of deforestation and the conversion of natural vegetation in South America. It accounts for 47 % of the EU's imported deforestation from agricultural and livestock commodities. Special focus must be directed to the so-called spillover effects of “imported deforestation”, as these obstruct a collaborative implementation of the Sustainable Development Goals (SDGs).

This policy brief summarises the larger report “Towards more sustainability in the soy supply chain: How can EU actors support zero deforestation and SDG efforts?”¹. It focusses on two major soybean producers (Brazil and Argentina) and top global soy importers (the EU and China).

¹ <https://www.climatefocus.com/publications/towards-more-sustainability-soy-supply-chain-how-can-eu-actors-support-zero>

Soy is a major driver of deforestation and the conversion of natural vegetation in South America. It accounts for 47 % of the EU's imported deforestation from agricultural and live-stock commodities.

The EU and its member states can take various regulatory and non-regulatory measures to support sustainability in the soy supply chain, including:

- Take measures to reduce meat consumption in the EU to sustainable and healthy levels, thereby reducing the global demand for soy;
- Enhance demand for sustainable and certified soy;
- Encourage companies to make voluntary sustainability commitments and define procurement standards;
- Set requirements for public procurement of forest-risk agricultural products;
- Develop import and due diligence requirements for companies;
- Support federal Brazilian States and other jurisdictions that take measures to improve soy production standards;
- Support companies adopting zero deforestation policies by investment funds, grants, and technical cooperation;
- Support countries in collecting and publishing deforestation data related to the soy supply chain by country and company;
- Actively use and turn the EU Observatory into a meaningful platform to collect and analyse data on deforestation, forest degradation, changes in the world's forest cover in line with the SDGs, and National Determined Contribution reporting (under Paris Agreement).
- Cooperate with Chinese authorities to enhance soy sustainability in the context of international processes and fora.

The EU Communication on “Stepping up EU Action to Protect and Restore the World's Forests” (2019)² provides an opportunity to review these actions at the EU level and translate the SDGs into policies and regulations.

BACKGROUND:

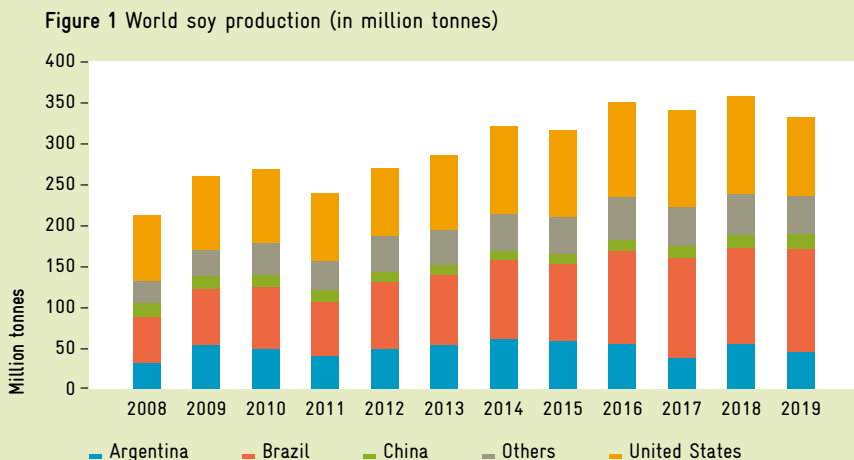
A FEW FACTS ABOUT THE SOY SUPPLY CHAIN

The global soy supply chain is complex and dynamic; it has grown in volume over the past decade:

- World soybean production has increased by 60 % over the past decade (2008-2019) to about 342 million tonnes; Brazil accounts for 36.9 % of this number and Argentina accounts for 15.8 % (see figure 1).
- The EU has a small amount of domestic soy production (2.9 million tonnes in 2019), which is not genetically modified.
- About half of the soy imports – totalling 34 million tonnes in 2019 and stemming primarily from Brazil and more recently, from the US – are processed in the EU. These imports are used predominantly for animal feed. The EU also imports soy meal from Argentina.

² https://ec.europa.eu/info/publications/eu-communication-2019-stepping-eu-action-protect-and-restore-worlds-forests_en

- China has a large domestic non-genetically modified soy production for food, which is complemented by raw soybean imports stemming mainly from Brazil, Argentina, the US, and Uruguay.
- Since mid-2018, China has shifted its soy purchases from the US to Brazil, Argentina, and other regions due to trade conflicts between the US and China and favourable currency exchange rates. However, since September 2020 Chinese soy imports from the USA are picking up again.
- In the last two decades, China's import requirements have increased from about 13.3 million tonnes in the year 2000 to almost 100 million tonnes in 2020/2021. The growth of Chinese imports correlates accordingly with the global increase in exports.
- EU imports have barely changed during this period. However, soy continued to be imported from partly newly deforested areas.
- In Brazil and Argentina, the top six trading companies accounted for 54.3 % of all soy exports in 2018. They are strongly vertically integrated (they are active in buying, processing and trading soy).
- Primarily because of its role as a cheap source of protein feed and secondly as vegetal edible oil, the soy boom has stimulated trade globally.
- Consumers are, for the most part, not aware of the amount of soy in their daily life consumption.
- Only a very small share of the soy supply chain fulfils sustainability requirements. In 2018, Proterra, Round Table Responsible Soy (RTRS), International Sustainability and Carbon Certification (ISCC), and Danube / Europe Soy, the most important sustainable soy certifications, together accounted for only 2.7 % of the soy produced globally.



Source USDA World Agricultural Outlook Board

ANALYSIS:

GLOBAL PROBLEMS CAUSED BY THE SOY SUPPLY CHAIN

Embedded deforestation

Over the past 11 years, 2.0 million ha forests and native vegetation – an area the size of Slovenia – have been directly cleared in Brazil to grow soy. Between 2000 and 2014, farming land for soybean in the Cerrado region expanded by 87 %. 80 per cent of the deforestation due to soy happened in the Cerrado. Deforestation in the Amazon continued, but after the Amazon Soy Moratorium was set up in 2006, direct deforestation due to soy diminished. The soy area expanded on already cleared land which was often used as grazing land. In Brazil, the total area planted with soy grew from 13.4 million ha (2000/01) to 36.5 million ha (2019/20). Soy is also the major driver of deforestation in the Chaco ecoregion in Argentina, where soy cultivation expanded by 2.4 million ha between 2000 and 2012, replacing forests and rangeland.

Soy accounts for 47 % of the EU's imported deforestation, when the EU is viewed as an importing trade bloc.

The deforestation risk of EU soy-imports is particularly high in the federal state of Matopiba but also relevant in Mato Grosso.

The “soy deforestation risk index” is helpful for measuring the magnitude of deforestation driven by soy in relation to production and supply in a specific area. The EU's soy deforestation risk mainly originates from imports from the Matopiba region, which consists of the four Brazilian states of Maranhão, Tocantins, Piauí, and Bahia; these comprise 16 % of the EU's soy imports (see figure 8). However, this export-oriented production contributes to 85 % of the soy embedded deforestation risk. Ten municipalities provide 48 % of the EU's deforestation risk embedded in imported soy.^{3,1}

The growing number of forest fires in South America, and especially Brazil, is increasingly aggravating the deforestation problem.

In 2019 and 2020, this issue not only occupied forest conservation NGOs and local governments, but also the general public worldwide.

In the discussion on the Mercosur trade agreement, the issue of increasing deforestation has been repeatedly raised by the parliaments of individual EU countries, based on the criticism of unfair competition practices with lower product standards in addition to the forest protection and environmental reasons (SDGs 12, 14, 15).

³ https://www.duh.de/fileadmin/user_upload/download/Projektinformation/Naturschutz/Soja/Studie_Deutsche-Sojallieferkette_DUH-Profundo_200930.pdf



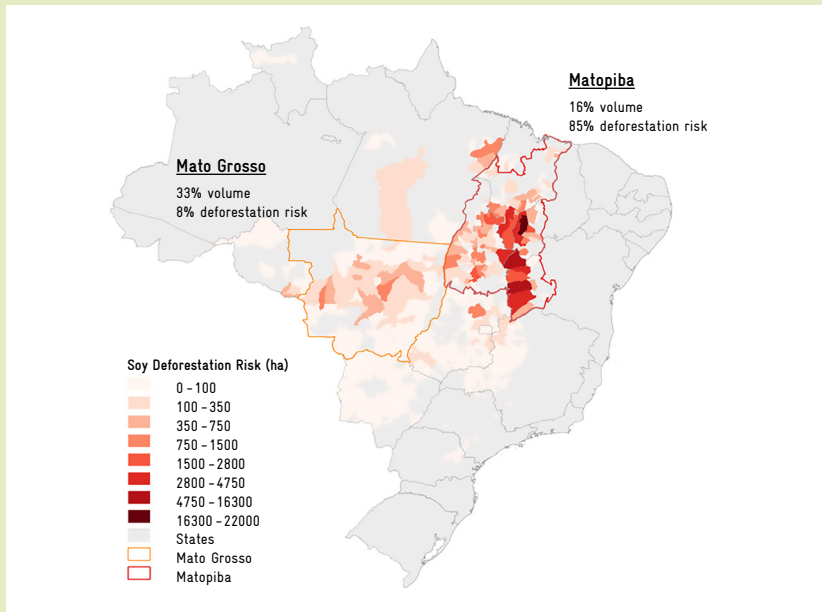
Spillover effects

Agenda 2030, which lays out the 17 SDGs, is the global plan to promote sustainable peace and prosperity and to protect the planet. The SDGs therefore provide a sound framework to assess the impact of the soy supply chain on economic, social, and environmental outcomes. The achievement of the SDGs as well as the Paris Agreement requires decoupling human welfare from negative environmental impacts of production and consumption, e.g. greenhouse gas emissions, disruptions to the water cycle, biodiversity loss, pollution, and other hazards to global public goods. Given an increasingly interdependent world, such negative cross-border effects have tremendous impact on the ability of other countries to achieve the SDGs.

International spillover effects occur when one country's actions generate benefits or impose costs on another country which are not reflected in market prices ("external effects" or "externalities"). Costs are not internalized by producers and consumers.

Such negative external effects can occur within a country as well as on a regional or global scale. Figure 3 provides some indicative effects for tracking the negative impacts that can be generated by the soy supply chains and which need to be mitigated accordingly for future SDG performance.

Figure 2 Map of the EU's imported soy embedded deforestation risk in Brazil (2013–2017)



Source Trase 2019

On the side of soy producing countries, the soy supply chain has a strong direct impact on economic activity (SDG 8: Decent Work and Economic Growth), since it is a considerable business venture. But regarding SDG 8, it is very important to distinguish between small farms with high labour requirements and large-scale plantations for feed export, which are labour-extensive. Large commodity-trading companies, such as those increasingly found in Brazil and Argentina, offer few highly qualified jobs while contributing to national economic growth. This benefits well-trained personnel and neglects the majority of agricultural workers. The effects on SDG 8 are therefore ambivalent at best.

Additionally, the soy production system in parts of South America contributes to the displacement of traditional communities and small-scale farmers. Since the farmers are losing their land and only a few of them are needed to cultivate the large plantations, this development often threatens their food production and livelihoods (SDGs 1 and 2). Further, inequalities are increased mainly for indigenous and vulnerable groups as a result of the unequal distribution of income (SDG 10). The soy supply chain has a negative impact on climate action (SDG 13), life on land (SDG 15), and the sustainability of cities and regions (SDG 11), given the vast land-use changes and deforestation caused by soy production. The intensive input of pesticides pollutes water and causes sanitation problems (SDG 6).

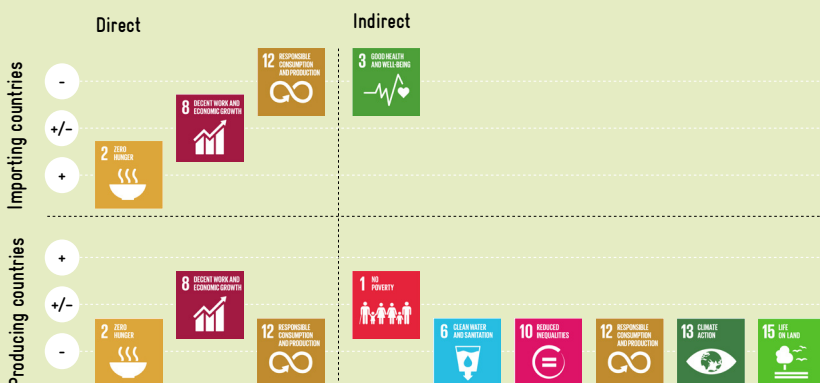
The soy supply chain has a track record of negatively impacting several SDGs in producing and importing countries and only generates few debatable positive effects on 3 SDGs.

These negative effects on a bundle of SDGs are examples of spillover effects, as the costs incurred are not borne by the companies that generate them. This also benefits the consumer in Europe, as the price does not reflect the corresponding costs incurred⁴.

On the side of the importers, the EU and China, the most direct positive SDG effects are on food supply (SDG 2: No Hunger) and SDG 8 in the agri-food industry. However, SDG 2 has already been achieved in most importing countries, and the SDG 8 contribution is limited since the meat industry in importing countries often does not provide decent employment conditions⁵. The use of soy to produce animal-based products generates value addition to the importing countries' economies (SDG 8).

Substantial negative impacts are observed in the excessive supply of cheap meat and other animal products, which trigger unhealthy and unsustainable consumption patterns associated with several non-communicable diseases (according to the World Health Organisation). This leads to negative impacts on public health (SDG 2, SDG 3) as well as SDG 12, Responsible Consumption and Production.

Figure 3 Direct and Indirect effects of soy producing and importing countries on the SDGs



Source Own design

⁴ It should be noted that the effects mentioned above refer to companies that primarily practice unsustainable cultivation methods. Of course, there are also companies that already act sustainably and anticipate and avoid the negative environmental and social aspects. However, these companies still are a minority and often have problems marketing the sustainably produced soy, along with a corresponding price premium.

⁵ <https://www.dw.com/de/fleischindustrie-verbot-werkvertr%C3%A4ge-leiharbeit-in-schlachth%C3%B6fen-coronavirus-deutschland/a-54370043>

SDG reporting

Even though voluntary initiatives at the international level that aim to improve the sustainability of soy supply chains exist, little change towards greater sustainability in the soy supply chain has occurred thus far. Among these initiatives:

- The UN Global Compact's SDG reporting initiative⁶ intends to track companies' commitments and impacts linked to the SDGs, including those related to land use and conversion (SDG15).
- Global certification standards, such as ProTerra⁷ and RTRS⁸, trace and verify the sustainable production of soy, but suffer from a lack of demand for certified soy globally.
- The Soft Commodities Compact⁹ is supporting the banking sector in developing practices to gradually divest from commodities linked to deforestation.

These initiatives can only be a starting point. As SDG monitoring at the country level focuses on domestic implementation, spillover effects and international supply chains must be addressed more systematically in future. So far, only a few measures of international spillover effects are included and discussed in national SDG monitoring reports and Voluntary National Reviews (VNRs). Here, the annual SDG monitoring report should include an account of the implication of external effects of imported goods such as soy.



⁶ <https://www.unglobalcompact.org/>

⁷ <https://www.proterrafoundation.org/>

⁸ <https://responsiblesoy.org/?lang=en>

⁹ <https://www.cisl.cam.ac.uk/business-action/sustainable-finance/banking-environment-initiative/pdfs/the-bei-and-cgfs-soft-commodities-compact.pdf>



Public Policy and Development Efforts

At the EU-level and in Germany

Following the EU Communication on “Stepping up EU Action to Protect and Restore the World’s Forests” (2019), the “German Federal Government’s Guidelines on the Promotion of Deforestation-Free Supply Chains of Agricultural Commodities” were adopted in April 2020. They outline various future measures by the German government; these range from the promotion of initiatives by industry, civil society, and associations to create deforestation-free supply chains for agricultural commodities, up to the expansion of public procurement policies to include certified agricultural products as well as raise consumer awareness. They also foresee the reduction of soy imports by advancing the cultivation of protein plants for food and feed in Germany under the Protein Crop Strategy , the EU Protein Plan , and the European Soya Declaration .

According to the European Soy Monitor, in 2018, 22 % of the soy consumed in Germany was certified according to sustainability standards, such as RTRS, Pro Terra, ISCC, or Danube / Europe Soy.

In Germany, the Dialogue Forum on more sustainable protein feed was set up in 2014 on the initiative of the Federal Ministry of Nutrition and Agriculture (BMEL). It has been supported since then by the German Agency for Agriculture and Nutrition (BLE) and its office of the national protein strategy. From 2015 to 2018, it was coordinated by the World Wide Fund for Nature (WWF); since mid-2018, the BLE has taken over the coordinating role. Actors along the value chain discuss issues and possible solutions around the subject of more sustainable protein feed. In 2017, members issued a joint position paper and published their individual goals. The members support the increased use of domestically produced legumes in animal feed and the exclusive use of sustainably certified soy. Forum members added a thesis on deforestation-free supply chains in 2020.

Compared to other initiatives on sustainable soy in other European countries, the German Dialogue Forum on more sustainable soy has not yet defined a clear timeline for achieving a higher share of verifiable sustainably produced soy in German soy consumption. Individual members have published their goals but there is no joint monitoring of progress.

The food sector, however, focuses strongly on using feed which is not genetically modified. In June 2020, the German market industry and retail players called out to soy traders operating in Brazil to reaffirm their commitment to zero deforestation and conversion at the landscape level in the Cerrado in a joint declaration . Joint actions, more transparency, and monitoring of progress would improve the sustainability of German imports of soy. Further, moving from the purchase of credits to a mass balancing mechanism (a mix of certified and non-certified volumes) or segregated certified soy supply chains would be an important next step.

¹⁰ <https://www.bmel.de/EN/topics/farming/plant-production/protein-crop-strategy.html>

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018DC0757>

¹² https://www.donausoya.org/fileadmin/user_upload/Activity/Media/European_Soya_signed_declaration.pdf

¹³ <https://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/Cerrado-Soja-Positionspapier-Lebensmittel-handel-Deutschland.pdf>

In countries of production (Brazil)

German development cooperation supports the development of sustainable production regions based on jurisdictional approaches in various countries. The aim is to improve several socio-economic sustainability aspects and to reduce deforestation in a defined jurisdiction (e.g. a municipality, a district, or a state). Setting up an inclusive multi-stakeholder platform that defines sustainability goals for a jurisdiction is a central element of this approach. Through participatory land-use planning, areas for further agricultural development are identified as protected areas.

German development cooperation currently supports two Brazilian federal states (Mato Grosso and Acre) through its REDD Early Movers (REM) programme¹⁴. The two federal states introduced legislation and developed strategies to fight deforestation and value their existing forests. The German Development Bank (KfW) provides results-based payments for reducing deforestation and related greenhouse gas emissions. GIZ provides technical support to fulfil the requirements. GIZ also advises partner governments on the equitable distribution of funds (benefit sharing) in order to ensure sustainable development for the benefit of small-scale farmers, forest-dependent, and indigenous communities. Participatory and inclusive governance is a precondition for REDD+ programme implementation. By ensuring inclusive governance and benefit-sharing arrangements, the project enables different stakeholder groups to benefit from these payments: Those who traditionally keep the forest in shape and those who need support and encouragement for sustainable production at the borders of deforestation.

The Brazilian federal state of Maranhão, where soy production continues to expand into the natural vegetation of the Cerrado, is planning to set up a REDD+ strategy and, hence, aims at reducing deforestation and related greenhouse gas emissions. Together with Brazilian partners, German development cooperation is supporting the process of developing a jurisdictional approach in this context. Private agricultural holdings will be registered in the Brazilian rural registry and its contents will be validated. Moreover, a forest monitoring system as well as digital traceability systems for agricultural commodities will be implemented. Yet to become successful, such an approach needs a long-term commitment and the buy-in of many actors.

¹⁴ REDD+ (Reducing Emissions from Deforestation and Forest Degradation) is an approach developed by the international community to protect forests and their unique biodiversity. The logic of REDD+ is to reward governments and local communities for reducing deforestation and achieving verifiable emission reductions. The “plus” stands for reforestation and sustainable forest management which form an important part in contributing to an increase in forest biomass. The REDD Early Movers (REM) Programme was introduced at the Rio+ Conference in June 2012. It is an innovative Initiative of the German development cooperation and aims to provide incentives for pioneers in forest protection and fight against climate change. It offers results-based payments for proven emission savings through the prevention of deforestation.

CONCLUSION

There is a still long way to go toward achieving a sustainable soy supply chain but there are a growing number of national and international initiatives focusing on such implementations. However, in order to come closer to more sustainable sourcing of soybeans and soy meal, importing countries and trading blocs such as Germany and the EU must take their external effects into account and address them.

Including spillover effects into the annual SDG Monitoring would be another important step toward recognising global responsibility. Investing in more transparent soy supply chains and monitoring progress in the implementation of deforestation-free supply chains (e.g. by using an indicator in SDG reporting that shows the imported deforestation and/or land requirement of German agricultural imports) should be developed.

The formation of national multi-stakeholder platforms or working groups (such as the RTRS, the European soy initiatives secretariat) has proven a promising mechanism for continuing the debate at importing country level with the involved industries. Here, the German government should increase its ambitious commitment and feed into the deforestation monitoring platform at the EU level.

In addition, the usage of products which are produced using certified soy (milk, eggs, and other animal products) should be promoted in public-sector cafeterias, universities, and schools, and measures to reduce meat consumption as part of climate and health policies taken.

Further, Germany should continue supporting the debate on regulatory and non-regulatory measures and follow-up activities of the EU communication on “Stepping up EU Action to Protect and Restore the World’s Forests”.

Germany and other importing countries should support producer countries at the jurisdictional level and promote production that favours forest protection, sustainable agricultural practices, and respect for human rights. The aim to more closely coordinate development cooperation linked to deforestation-free supply chains, as through the Amsterdam Declarations partnership, has been stated in the German Guidelines on Deforestation-Free Supply Chains.

Further conclusions include a closer engagement with China on the sustainability criteria of soy imports in the context of the international climate and biodiversity agenda. This should include working towards the inclusion of stronger sustainability chapters in trade agreements and mechanisms to monitor these commitments.

By pursuing these strategies and ambitiously implementing the German guidelines on deforestation-free supply chains, Germany could champion international sustainability efforts.



RECOMMENDATIONS

The following tables provide a summary of policy recommendations derived from the main report and subsequent discussions. They are divided into four categories focusing on (1) overarching stakeholder engagement and the development of action plans, (2) regulatory measures, (3) a mix of regulatory and non-regulatory measures to support private initiatives, and (4) softer non-regulatory measures.

1. Strategic stakeholder dialogue and action plans

The EU should play a leadership role in ensuring the implementation of existing strategic action plans (e.g. EU Communication on Stepping up EU Action to Protect and Restore the World's Forests, EU Biodiversity Strategy) and increase the visibility of soy sustainability matters in the international fora.

To achieve this goal, hosting dialogues is key; it is important to include China in these dialogues, as China is the main soy importer globally. Any EU effort to halt the supply of unsustainable soy needs to be coordinated with Chinese stakeholders to avoid leakage effects. Strengthening the dialogue between Chinese, EU, and production stakeholders can contribute to a better alignment of soy supply chain sustainability criteria. Overall, these would have the potential to catalyse the efforts of Chinese and private stakeholders across the world to improve the sustainability of their sourcing and therefore help to achieve the SDGs collectively.

The EU and China are the two major importers of soy products, accounting respectively for 15 % and 42 % of the global soy product imports in 2018.

In order to achieve a significant change at global level, it is essential to pursue close cooperation and communication with China.

2. Regulatory measures

Efforts to enhance the sustainability of the soy supply chain over the past 15 years have largely relied on regulations and agreements between civil society and the private sector in the countries of production. Supporting the enforcement of policies has been aimed especially at strengthening the capacity of public institutions. Since these institutions are tasked with the enforcement of critical environmental regulations, support is required to strengthen their important monitoring functions to inform the public about land use and respective changes.

They depend on financial support from public sources. With a central government increasingly reluctant to fund these institutions, external support should compensate funding for critical institutions and decentralized state governments (especially in Brazil).¹⁵

Moreover, it is important that EU public stakeholders, such as the European Commission, as well as national and municipal governments take measures to accelerate, upscale, and harmonize the sustainability commitments and efforts made by private stakeholders towards reaching the SDGs (including deforestation).

3. Mixed approaches

It is important to promote the demand for sustainable and zero deforestation soy and encourage the adoption and enforcement of public and private commitments related to certified soy. As the demand for certified soy is below the supply levels, certified soy farmers are struggling to receive financial compensation for their efforts. For instance, 1/3 of the RTRS credits did not find a buyer in 2016, 2017, and 2018. Therefore, the economic incentives for producers to adopt the RTRS certification has been too low in relation to the costs of certification. Without an increased demand in this area, cost-optimising farmers will not introduce these certifications.

4. Non-regulatory measures

To curb the expansion of soy production, measures need to be adopted to reduce soy meal demand and therefore meat consumption within the framework of climate and health policies. The adoption of these measures should be promoted by public institutions providing food for canteens, schools, and universities. Furthermore, this should be accompanied by the adoption of public procurement procedures favouring certified soy by public actors. It also implies reducing livestock in Germany and Europe. Furthermore, official monitoring of consumption-based measures, including meat and embedded deforestation, would help to track such efforts.

To improve current policy instruments and initiatives and prevent the further expansion of deforestation into other soy producing regions, it is key to strengthen efforts to collect and make supply chain and associated socio-economic and environmental data accessible to the public. In doing so, the mainstreaming of SDG reporting into private actors' Corporate Social Responsibility (CSR) reporting, CSR rating tools, and national SDG reporting is a key step. More generally, an investment in improving the transparency of soy imports and mainstreaming SDG reporting is required.

¹⁵ <https://science.sciencemag.org/content/369/6501/246/tab-pdf>

1. Strategic stakeholder dialogue and action plans

Demand-Side Measures

Ensure a strong implementation of the EU Communication on “Stepping up EU Action to Protect and Restore the World’s Forests”

- Assist the EU Commission in the impact assessment of regulatory and non-regulatory measures to curb imported deforestation by preparing analyses of policy options.
- Adopt domestic plans and measures to eliminate the import of embedded deforestation like the “German Federal Government’s Guidelines on the Promotion of Deforestation-Free Supply Chains of Agricultural Commodities”.

Increase the visibility of soy sustainability matters in international fora

- Support China’s efforts to make the Convention on Biological Diversity COP a success.
- Coordinate efforts with China to increase the visibility of soy sustainability in other international fora.

Align criteria for sustainable sourcing guidelines

- Host dialogues between EU feed associations (such as the European Feed Manufacturers’ Federation) and feed traders and purchasers in China to share their experiences and lessons learned in making the soy supply chain more sustainable.
- Disseminate tools for tracking and tracing soy supply chains with Chinese partners, among others, to enable the operationalization of the China Responsible Soy Sourcing Guidelines.
- Engage with Chinese partners in the Soft Commodities Forum, Tropical Forest Alliance, CBD COP 2020, the Amsterdam Declaration Partnership, or the Cerrado Working Group.

Production-Side Support

Engage stakeholders in other soy producing regions

- Support the participation and engagement of stakeholders from other countries producing soy (e.g. Paraguay, Bolivia).

2. Regulatory measures

Demand-Side Measures

Ensure the inclusion of strong soy-related targets in trade agreements

- Consider including soy sustainability-related provisions in international and regional trade agreements.

Adopt mandatory due diligence requirements

- Mandate companies to conduct due diligence to assess, prevent, and mitigate their environmental, social, and governance risks and the impact of soy. Integrate lessons learned from the EU Timber Regulation (EUTR) of the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan in the context of the European Green Deal.

Review soy commodity classification under the EU biofuels directive

- Support an EU-wide assessment of the direct and indirect soy-driven conversion of forests.
- Review and reclassify soy as a high-risk commodity under the EU Renewable Energy Directive.

Formulate standards for company reporting on soy impacts

- Strengthen the reporting and disclosure requirements of the existing Non-Financial Reporting Directive, based on the OECD Guidelines for Multinational Enterprises which include SDG reporting.

Reduce livestock stocking rates

- Reduce livestock stocking rates in Germany and Europe (as part of climate policies).

Production-Side Support

Strengthen the national authority in charge of managing the Forest Evaluation System

- Provide technical assistance to improve data quality, dissemination, and coordination of Forest Evaluation System.

Strengthen the capacities of public institutions

- Strengthen the capacities of INTA, the Argentinean public rural extension service agency. Build on existing cooperation programs and expand efforts to support sustainable agricultural practices in Argentine soy farming systems.
- Support the enforcement of policies (e.g. through support to the Rural Land Register (CAR in Portuguese)).
- Strengthen the capacity of public institutions (e.g. the Dirección de Bosques de las provincias in Argentina or the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis, IBAMA).

3. Mixed approaches

Demand-Side Measures

Scale up the demand for certified soy

- Encourage German companies to assume sustainability commitments (following the Danish and Dutch examples) and strengthen the ambitions in the German Dialogue Forum on more sustainable protein feed.
- Support the promotion of soy certification and standardisation like RTRS, Pro-Terra, ISCC, and FEFAC.
- Adopt public procurement procedures for food procurement, catering services and vending machines that demand soy to be certified (as deforestation free).
- Voluntary partnership agreements that focus on better governance on the production side and link to the demand side.

Production-Side Support

Support jurisdictional approaches in soy-producing regions

- Support the PCI (Produce, Conserve and Include) implementation financially, e.g. through REM (REDD Early Movers), Green fund, TFA (Tropical Forest Alliance).
- Provide technical assistance in formulating land use plans and integrated policy approaches in other soy-producing regions.

4. Non-regulatory measures

Demand-Side Measures

Take measures to reduce meat consumption

- Take measures to reduce meat consumption as part of climate and health policies.
- Provide incentives for reduced meat consumption through promoting plant-based foods in public-sector cafeterias, universities, and schools.
- Promote the usage of certified soy and meat produced with certified soy in public-sector cafeterias, universities, and schools.
- Promote voluntary commitments towards sustainable and zero deforestation soy.

Enhancing the SDG monitoring instruments to fill knowledge gaps and enable policy tracking

- Include and support the inclusion of consumption-based measures in official monitoring instruments (e.g. Voluntary National Reviews).
- Support the expansion of initiatives that enable the assessment of policy contribution to achieve SDGs (e.g. Climate Action Tracker) beyond countries with the needed technical capacity and GHG emissions.

Invest in improving the transparency of soy imports

- Collect and make available data on direct and re-exports, volumes (including certified soy), companies, and likely associated environmental and social impacts.

Upscale the integration of SDG reporting as a good CSR practice

- Provide technical assistance for adapting CSR rating tools in order to integrate SDG reporting.
- Promote SDG reporting tools as CSR good practices in national and international business fora.

Production-Side Support

Support the Soy Working Group (Cerrado region)

- Financially support the mechanisms to channel funds towards farmers that go beyond the legal deforestation requirements.



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On behalf of



Federal Ministry
for Economic Cooperation
and Development

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
Bonn and Eschborn

Friedrich-Ebert-Allee 32 + 36
53113 Bonn, Germany
T +49 228 44 60-0
F +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1 - 5
65760 Eschborn, Germany
T +49 61 96 79-0
F +49 61 96 79-11 15

E info@giz.de
I www.giz.de