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Responsible Production in Soy Agribusiness

ABIOVE - Associação Brasileira das Indústrias de Óleos Vegetais

Contents

Authorized photo from Rally da Safra and Prefeitura do Várzea Grande - MT

Responsible Production in Soy Agribusiness

Organizing Committee of the Round Table on Responsible Soy

Over the last two years, ABIOVE (Brazilian Vegetable Oil Industry Association) has been discussing the question of sustainability and the responsible production of soy in Brazil, taking a proactive position in talking to society. In February 2006, the entity formally joined the Organizing Committee of the Round Table on Responsible Soy ("RTRS"), an international forum that brings together agricultural producers, processors, importers, exporters and NGOs from various countries to discuss and establish principles and criteria for responsible production.

ABIOVE and ANEC established a Soy Moratorium and the development of a governance structure for the Amazon Biome

On July 24, 2006, ABIOVE and ANEC (Brazilian Grain Exporters Association) and their respective member companies pledged not to trade soybeans originated from areas within the Amazon Biome deforested after that date, even though soy planting occupies less than 0.3% of this Biome's area. This unique initiative, known as the "Soy Moratorium", will last for two years and seeks to reconcile environmental preservation with the region's economic development, by creating a governance structure that orients the responsible and sustainable use of its natural resources.

European importer concerns about the conservation of the Amazon Forest

As well as listening to the concerns of European importers regarding conservation of the Amazon Forest, the moratorium unites the business sector and NGOs, with the objective of getting the Brazilian government to implement a strategic plan for the Amazon that guarantees jobs and income for the region's more than 23 million inhabitants, while maintaining the conservation of the high-value ecosystems.

National Pact for Eradicating Slave Labor

In addition to the existing clauses in the sector's soy purchase contracts that ban degrading working conditions (which, if discovered, implies the immediate cancellation of the contract), the sector also signed, with Instituto Ethos, the National Pact for Eradication of Slave Labor in April 2006.

Round Table on Responsible Soy - RTRS

RTRS's objective is to create principles and criteria for the production of responsible soy

The Round Table on Responsible Soy ("RTRS") is an international forum to discuss the sustainability of soy. Participants include institutions from the sectors and countries related to the soy production and trading chain, as well as producers, exporters, agroindustry, financial institutions and several social and environmental NGOs.

The RTRS's objective is to build a global and participative process to develop and promote principles and criteria for soy production that is economically feasible, environmentally correct and socially just. In addition, the RTRS plans to act as a recognized international forum to accompany soy production in terms of sustainability.

ABIOVE takes part in the RTRS Organizing Committee

ABIOVE took part in the RTRS launch in March 2005, in Foz do Iguaçu (PR), as well as in the organization's Technical Workshop, in Sao Paulo (SP), in April 2006. It also participated in the RTRS's second meeting in Assuncion, Paraguay, in August 2006. Three months later, in November, the RTRS was formally brought into existence during the Constitutional Assembly in Rolle, Switzerland. ABIOVE has been a member of the RTRS Organizational Committee since February 2006.

Soy Moratorium

ABIOVE and ANEC will not trade soy from the Amazon Biome

On July 24, 2006, ABIOVE and ANEC, and their respective member companies, pledged not to trade soy originated after that date in deforested areas within the Amazon Biome.

The Soy Moratorium will last for two years

A governance structure for the region will be developed

This unique initiative, known as the “Soy Moratorium”, will last for two years and seeks to reconcile environmental preservation with the region's economic development, through the responsible and sustainable use of Brazil's natural resources. During this period, the sector will work with entities representing society (mainly environmental and social NGOs) to develop and implement a governance structure with rules for operations in the Amazon Biome and to get the Brazilian government to define, apply and comply with public policies (ZEE, ecological-economic zoning) regarding land use in this region.

Mapping and monitoring soy production in the Amazon Biome

This joint work looks at questions such as:
a) Preparation of an effective mapping system and monitoring soy production in the Amazon Biome;
b) Environmental education to promote good agricultural practices and information on the Brazilian Forest Code;
c) Institutional relationships and legislation to improve the control and development of soy production in that region.

Repudiation of work analogous to slavery

The sector reiterates its repudiation of degrading work. Companies have incorporated into their soy purchase contracts a clause stating that the contract is annulled if work analogous to slavery is observed.

Legal Amazon What Is It?

The area known as “Legal Amazon” was created in the Getulio Vargas government with the passage of Law No. 1806 on January 6, 1953. Its objective was to plan and promote the economic development of the region, mainly through tax incentives.

Legal Amazon represents 61% of Brazil's territory

Legal Amazon represents 61% of Brazil's territory - 510 million hectares encompassing the following nine states: Acre, Amapa, Amazonas, Mato Grosso, Para, Rondonia, Roraima, Tocantins and Maranhao (west of the 44th meridian).

A population of 23 million inhabitants

According to the IBGE (Brazilian Geographic Statistics Institute), in 2005, about 23 million people living in the Legal Amazon region were responsible for 7% of Brazil's GNP.

Amazon Biome is the largest biome in Legal Amazon

Legal Amazon has eight different biomes, the biggest of which is the Amazon Biome.

Legal Amazon - States

Amazon Biome

The Amazon Biome is equivalent to 49% of Brazil's territory

The Amazon Biome is the largest biome in Legal Amazon, as well as the largest biome in Brazil. It covers an area of about 420 million hectars, equivalent to 82% of Legal Amazon and 49% of Brazil's territory.

The Amazon Biome is almost twice the area of Western Europe

The Amazon Biome is almost twice the size of Spain, France, The Netherlands, Germany, Portugal, Italy and the U.K. (a total of 246 million hectares).

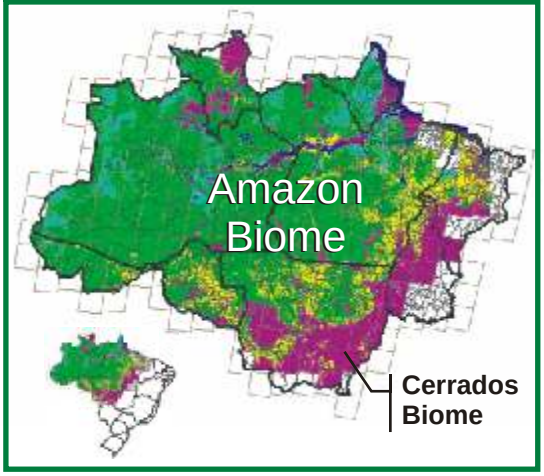
Amazon Rain Forest

The Amazon Rain Forest, an area of 367 million hectars, is located in the Amazon Biome (INPE).

The Cerrados region is often confused with the Amazon Forest

The Cerrados region is frequently confused with the Amazon Forest because Mato Grosso State is part of Legal Amazon.

Legal Amazon - Biomes



Amazon Biome

Cerrados Biome

Cerrados Biome

Soy Production in Brazil, in Legal Amazon and in the Amazon Biome

Soy production is basically located in the Cerrados region

Soy is produced in 1.4% of the Legal Amazon area, basically in the Cerrados region or transition areas between the Cerrados and the Amazon Forest.

Soy crops occupy only three- thousandths (0.3%) of the Amazon Biome and therefore cannot be considered an important vector in this region's deforestation.

The following table shows Brazil's soy acreage.

Soy Production in Brazil, in Legal Amazon and in the Amazon Biome

	Total Land Area (millions of hectars)	Soy Acreage 2005 Crop (millions of hectars) (b)	Percentage of Soy (millions of hectars) (b) / (a)
Brazil	851	23,4	2,7%
Legal Amazon	510	7,0	1,4%
Amazon Biome	419	1,1	0,3%

Source: IBGE (Brazilian Geographic Statistics Institute) Prepared using PAM (Municipal Agricultural Production) 2005

Deforestation in the World and in the Amazon Forest

Brazil currently has 18,7% of the world's intact forests

According to Greenpeace, Brazil currently has 18.7% of the world's intact forests (areas with more than 500 km²), compared with only 0.6% in the 25 countries of the European Union.

Eight thousand years ago, Brazil had 9,8% of the world's forests. It now has 28,3%

Europe, excluding Russia, held over 7% of the planet's forests and today has only 0,1%

Based on a recently published study by EMBRAPA Satellite Monitoring on the evolution of the world's forests, 8,000 years ago, Brazil had 9.8% of the world's forests. Today, it has 28.3%. The study further states that Europe, excluding Russia, had over 7% of the planet's forests and today has only 0.1%. Asia once had almost a quarter of the world's forests (23.6%); today, it has 5.5% and continues to cut them down. Contrary to this trend, South America, which had 18.2% of the world's forests, now has 41.4%. Brazil, whose representativity grows every year, is the country with the largest remaining forests.

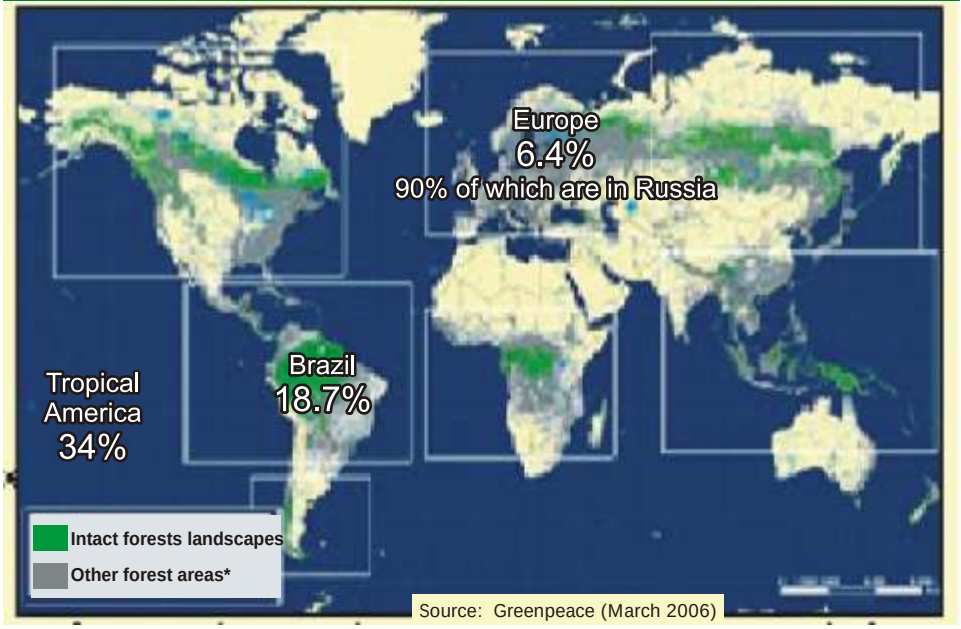
Brazil conserves 82,5% of the Amazon Forest

According to INPE (National Spatial Research Institute), Brazil conserves 82.5% of the Amazon Forest (303 million hectares).

Amazon Forest		
Areas	**Millions of hectares**	**Share %**
Forest	303	82,5%
Deforestation	64	17,5%
Original Forest	367	100%

Source: INPE (National Spatial Research Institute) PRODES 2004

Intact Forests around the World (areas with more than 500 km²)



Source: Greenpeace (March 2006)

Environmental Conservation Policy in Legal Amazon

Brazil has an active policy for environmental preservation in Legal Amazon, based on the following tools:

- Creation of Environmental Preservation Areas ("APA"), made up of Biological Reserves and Parks;
- Creation of Indigenous Reserves;
- Application of the Legal Reserve.

According to Provisional Measure 1956-50/2000, the Legal Reserve corresponds to the "area located within a property or rural possession, except for the permanent preservation area, needed for the sustainable use of natural resources, for the conservation and rehabilitation of ecological processes, for the conservation of biodiversity and for the shelter and protection of native fauna and flora", where slash cutting (deforestation) is banned.
The percentage of the area within a rural property that is destined for Legal Reserve varies in accordance with the region and vegetal physiognomy.

Use of Legal Amazon land was substantially restricted after 1996

Starting in 1996, the required Legal Reserve percentage increased significantly from 50% to 80% in forest areas and from 20% to 35% in rural properties located in the Cerrados within Legal Amazon.

Use of Legal Reserve

Area	Up to 1996	After 1996	
	Legal Reserve	Legal Reserve	Available for Planting
Forest	50%	80%	20%
Cerrados	20%	35%	65%

MP 1.511/96

Rural producers assume the obligation to preserve 80% of the forest

To have the right to use 20% of their property, rural producers accept the obligation to preserve 80% of the forest, without any payment from the government.

The Legal Reserve establishes the preservation of 143 million hectares in Legal Amazon

In addition to the 178 million hectares of Protected Areas (environmental and indigenous), the Legal Reserve mechanism establishes the preservation of over 143 million hectares in Legal Amazon.

Environmental Conservation Policy in Legal Amazon

	Millions of hectars
Protected Areas (Environmental & Indigenous)	178
Legal Reserve (Forest 80% / Cerrados 35%)	143
Total Protected Area (63% of Legal Amazon)	321

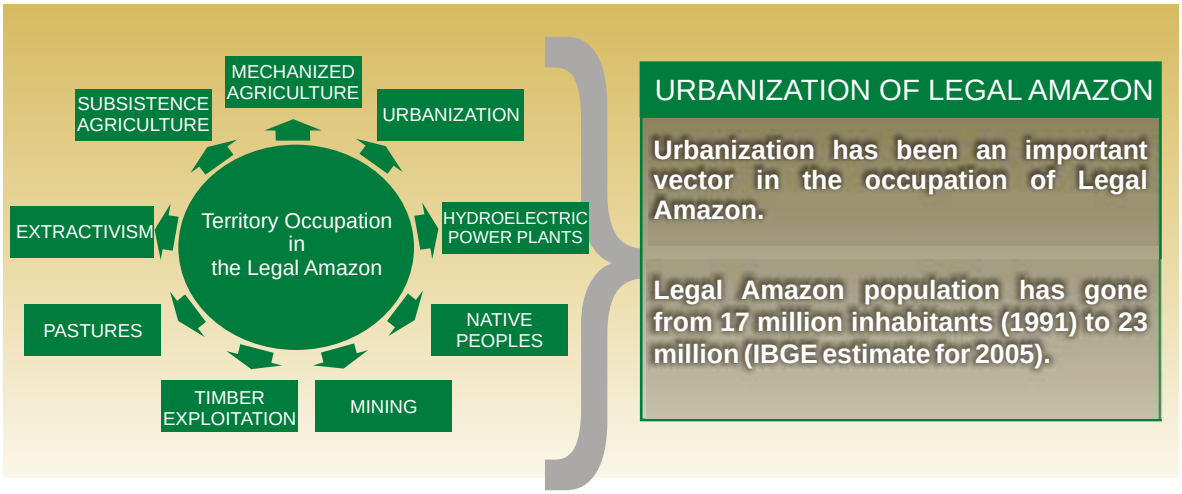
Prepared by: ICONE

About 63% of Legal Amazon are protected by law

A total of 321 million hectares is protected by law, equivalent to 63% of the Legal Amazon area.

Land Occupation in Legal Amazon

The Legal Amazon territory is undergoing a natural occupation process, brought about by the region's population growth and economic development. This movement includes various agents, including:



Illegal Deforestation

One of the main causes of illegal deforestation in the Amazon region is poorly defined property rights

The Ministry of the Environment, responsible for several studies on deforestation in Brazil, sees the problem of poorly defined property rights as one of the main causes of illegal deforestation in the Amazon region. About 47% of Legal Amazon is public land or disputed land that ends up the victim of a perverse mechanism, where new areas are cut down first before claiming possession of the land.

About 47% of Legal Amazon are public land or disputed land

Therefore, in the absence of a clear policy for transferring land to private ownership, the government, albeit indirectly, is part of illegal deforestation, making vacant land and forests vulnerable to the actions of illegal occupants and to their appropriation for speculative purposes.

Poorly defined property rights is the main reason why environmental legislation is unable to contain illegal deforestation efficiently

The problem of poorly defined property rights, allied to the vast area needing inspection (510 million hectares), is also the main reason why environmental legislation is unable to contain illegal deforestation efficiently, as there is often no way to identify the offender and apply the penalties.

New parameters for title deeds of public lands, as well as land regularization programs in the region, need to be established

Mitigation of this problem therefore depends on government actions, such as setting up new parameters for the title deeds of public land, as well as land regularization programs in the region.

Legal Amazon Land Ownership 1996-2001

	Area 1.000 km²	Private Lands[1] %	Protected Areas[2] %	Public Lands %
Acre	153	22	36	43
Amapa	143	5	53	42
Amazonas	1.578	2	34	64
Maranhao	333	38	11	51
Mato Grosso	907	55	15	30
Para	1.253	18	28	54
Rondonia	239	38	45	17
Roraima	225	13	51	36
Tocantins	278	61	12	27
Total	**5.110**	**24**	**29**	**47**

Source: IBAMA (2002), Ricardo & Capobianco (2001), ISA (1999) and IBGE (1996)
1- Total private property area declared in the Agricultural Census (IBGE 1996)
2- Includes Preservation Areas and Indigenous Lands

Without revising the country's land policy, it will be difficult to improve law enforcement.

Ecological-Economic Zoning (“ZEE”)

Another fundamental question related to land occupation in Legal Amazon is the definition of Ecological-Economic Zoning (“ZEE”).

The ZEE will make land use more rational

The ZEE can be defined as a strategic tool for regional planning and land management, whose main objective is to contribute to the implementation of sustainable development through the rational use of the land.

The ZEE takes into consideration the potential and limitations of sustainable use of each region's natural resources

The ZEE is a Program for Multi-Annual Planning (“PPA”), managed by the Ministry of the Environment, with federal, state and municipal executors. Its preparation involves studying environmental systems, including the potential and the limitations of the sustainable use of each region's natural resources, in order to orient government investments so that they can be made according to each sub-region's natural characteristics, taking into consideration activities related to environmental preservation, agriculture, animal farming and agroindustry, as well as recuperation of degraded areas. The government, the productive sector and society will orient their decisions and actions based on the ZEE.

Ecological-Economic Zoning (ZEE)

Areas of Conservation and Preservation (Primary Nature)	**Degraded Areas** (Secondary Nature)	**Areas that can be used for agriculture** (Tertiary Nature)
These areas, normally primary forests of high biological value, can be fully preserved. The objective is to preserve biodiversity.	These areas can be recovered, with native plants that have commercial use (e.g., rubber plants, cocoa trees, etc.). Recovery of these areas can be supported by the productive sector.	These areas can be preserved by using them, recovering already degraded areas (including pastures) for agricultural use. In some cases, degraded areas can be fully used for agricultural activities, transferring the Legal Reserve equivalent to the conservation of non-deforested areas with high biological value. This process can simultaneously optimize environmental conservation and agricultural activity, as more intensive use of areas already degraded can generate additional income that can be used in the conservation of primary forests.

Economic Instruments to Improve Conservation in Legal Amazon

EIs are being seen as an efficient alternative to complement environmental legislation

As environmental legislation and inspection mechanisms are proving insufficient to contain the advance of illegal deforestation, new strategies must be used to improve environmental preservation. Among these strategies, the use of Economic Tools ("EI") is being seen as an efficient alternative to complement environmental legislation.

EIs are based on commercial property rights

The use of EIs covers a wide range of possible mechanisms. At one end, it includes fines or sanctions linked to the traditional legislative apparatus. At the other end, it includes new and less interventionist approaches, such as mechanisms based on commercial property rights and economic stimuli. Within this perspective, the following economic tools to reduce deforestation and preserve biodiversity can be highlighted:

EIs that reduce deforestation and preserve biodiversity:

NEW ECONOMIC INSTRUMENTS ("EI") TO IMPROVE PRESERVATION			
	Payment for "Standing Forest"	**Active Forest Exchange**	**Voluntary Certification**
What is it?	Creation of an international fund to pay for Forest Environment Services, funded through avoidance of CO_2 emissions and the economic potential of a biodiversity reserve.	Creation of an Exchange to trade Forest Reserve Quotas ("CRF") in the Amazon region. Payment of a bonus for maintenance of a Legal Reserve (80%).	Creation of Remunerated Voluntary Certification ("Green Seal") that pays a premium to producers who go beyond the directives established in Brazil's environmental legislation.
Effect	While a "Standing Forest" is worth less than forest land which has been cleared, there is no economic stimulus for preservation.	Payment for not using the exploration quota (20%) that is the owner's right, thus reducing legal deforestation.	Remunerated Voluntary Certification stimulates the spread of good agricultural practices and respect for environmental legislation.
Result	**Reduction of deforestation**	**Guarantee of Legal Reserve**	**Stimulation of Good Agriculture Practices**

Diversification and Adding Value to Grain Production in the Cerrados

How to make "Environment Sustainability" economically sustainable

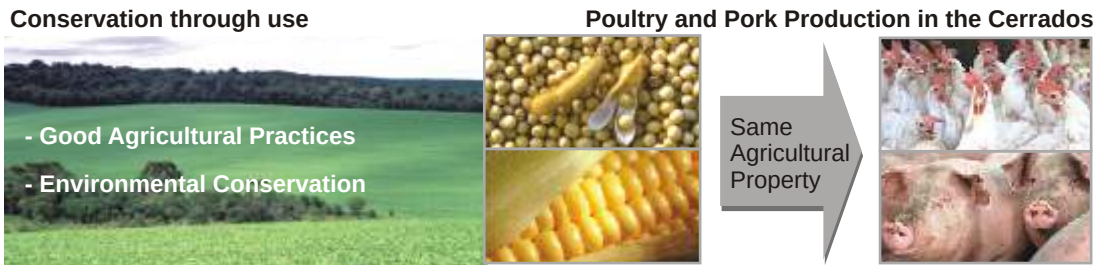
A very important question, mainly related to agricultural frontier areas, is how to make "Environmental Sustainability" economically sustainable, as the new socio-environmental standards and requirements also generate new production costs. In this sense, the Cerrados grain producer's income must be improved so that they can remain in this region and look after the environment..

The solution is adding value to grain (soy and corn) production through meat (poultry and pork) production for export

The solution to this question lies in the development of mechanisms that promote diversification and add value to grain production. This can be done by transforming grain (soy and corn) producers, mainly in the Cerrados, into export meat (poultry and pork) producers. While, historically, a ton of soy is worth about US$230 and a ton of corn is worth about US$100, a ton of pork meat is worth over US$1500. Therefore, the possibility of adding value to grain production by producing meat for export would generate the necessary resources to preserve the environment, i.e., conservation through sustainable use.

[Conservation through use means using the land in a sustainable manner, preserving the Legal Reserve.]

Adding Value to Grain Production in the Cerrados



Corn and soy meal are the main ingredients of poultry and pork feeds.

Adding value to grain production reduces pressure for new agricultural areas

As value is added to grain production, the pressure for new agricultural areas to maintain the profitability of the region's producers is lessened. In addition, meat production in the Cerrados makes it feasible for small and mid-size producers to integrate with poultry and pork processors, with a big impact on the region's job generation. Thus, it would be possible to reproduce in the Center-West region the agricultural production model present in the country's South region.

Meat production in the Cerrados for export makes small producers feasible and reduces that region's soy monoculture

The feasibility of export meat production in the Cerrados also leads to a reduction in the region's soy monoculture cycle, due to the increase in corn production for animal feeds, especially in Mato Grosso state (which is currently unfeasible due to the cost of moving production south). Increasing crop rotation (between soy and corn) brings environmental gains such as the reduction of pest propagation (e.g., Asian rust) and, consequently, a reduction in the use of agrochemicals.

Freight Cost of Exports Paranagua Port

	Corn US$/t	Soy US$/t	Pork US$/t
FOB-Port Price	100	230	1.500
Freight - Mato Grosso*	(88)	(88)	(176)
Net - Mato Grosso	12	142	1.424
Freight / Price (%)	88%	38%	12%

* Freight cost from Mato Grosso to Paranagua port
Source: ABIOVE

This model's success depends on the opening of the international meat

However, this model of grain and meat (poultry and pork) production in the Cerrados, which unites social, environmental and economic sustainability, depends on the opening of the international meat market, currently considered to be one of the world's most closed markets, mainly because of protectionism by rich countries.

Protectionism and Sustainability

One of the big obstacles to meat production for export is protectionism by rich countries

One of the big obstacles to export meat (poultry and pork) production in the Cerrados is the protectionism by rich countries, which impose strong barriers to the international meat trade, so that they import only raw material (in this case, soybeans and corn to produce animal feeds), adding value in their own countries.

In addition to high tariffs, the international meat trade is restricted by Safeguard Measures and sanitary

According to the table, it is evident that, apart from high import tariffs, the international meat trade to rich countries is also restricted by Special Safeguard Measures (SSG) and sanitary restrictions that act as trade barriers.

Barriers to International Meat Trade

	EU	USA	Japan
Demerara Sugar	161*	133*	311*
Alcohol	43*	46*	27
Powdered Milk	64*	44*	155*
Frozen Chicken Parts	94*	12*	12
Pork	43*	0	310*
Frozen Beef	142*	26	50
Tobacco	75	350	0
Orange Juice	15	39*	25

(*) indicates a specific tariff was converted to an Ad Valorem Equivalent (AVE)

Underlined numbers indicate the existence of Special Safeguard Measures

Indicates sanitary restrictions that act as trade barriers

Source: WTO, APEC, COMTRADE, USITC , TARIC12 and ICONE

Rich countries only import raw material (soy and corn) for their own meat production

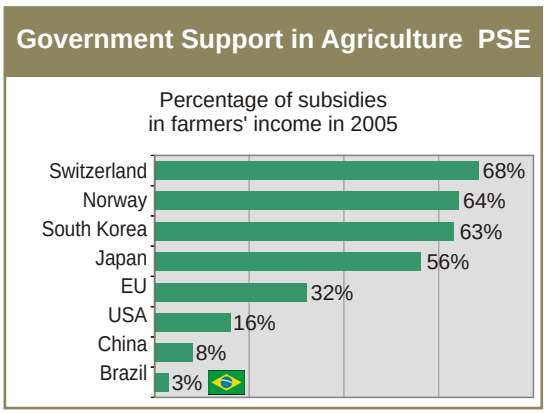
Protectionism leads to Brazil's soy monoculture

Therefore, rich countries follow a deliberate policy of importing only raw material (soy and corn) for their meat production, which makes it impossible for developing countries to diversify production and add value to their products. In this sense, these countries are also responsible for Brazil's soy monoculture.

Government support for agriculture in rich countries has been defended as one of the components of their environmental policy

Another important point relates to the government support that agriculture receives in rich countries. This support, generally in the form of agricultural subsidies, has been defended, mainly by the European Union, as one of the components in their environmental policy.

Government Support in Agriculture PSE



Source: OCDE

The Brazilian government does not grant subsidies to its agricultural producers for maintaining the environment

On the other hand, in Brazil, agricultural producers do not receive subsidies from the government to maintain the environment (or even to maintain their income through price guarantees or by covering their losses from adverse climatic conditions by means of agricultural insurance).

Rich countries can help promote sustainable development by reducing protectionism and supporting the use of Eis

Therefore, in the absence of government support of environmental preservation in Brazil, adding value to grain production (through export meat production in the Cerrados) and the development of Economic Tools (EIs) to reduce deforestation and preserve biodiversity could contribute enormously to the sustainable development of the Amazon region.

Rich countries can help promote sustainable development by reducing protectionism and supporting the use of EIs to preserve the Amazon Forest.

Integration of Crops and Animal Farming

In Crop-Livestock Integration, grain (soy and corn) is produced in degraded pastures, reducing the pressure for new agricultural and livestock production areas

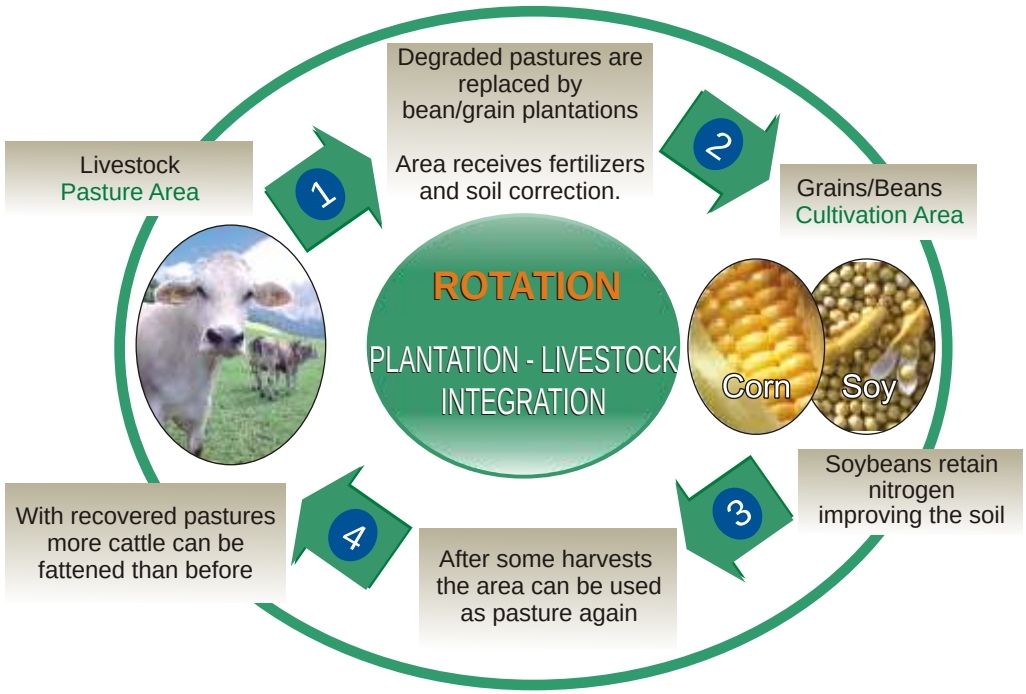
How can grain production in Brazil be increased without increasing deforested areas?

One of the strong tendencies of Brazilian agribusiness over the coming years is the Crop-Livestock Integration process, in which grain (soy and corn) is produced in degraded pastures, with the objective of recuperating the soil's fertility and increasing the pasture's productivity.

Crop-Livestock Integration has shown that the soil's fertility can be significantly improved through this system, which favors the crop-pasture rotation process, minimizing the risks for agribusiness, improving yield for the producers and reducing the pressure for new agricultural and livestock production areas.

INTEGRATION OF CROPS AND ANIMAL FARMING

Property is used more intensively, reducing the pressure for new areas for agricultural production



In the Crop-Livestock Integration system, the producer reconciles cattle farming and grain production on the same acreage

The system is similar to crop rotation. In summer, corn or soy is planted. Under the Crop-Livestock Integration system, the producer reconciles cattle farming and grain production on the same acreage. In winter, with the pasture recovered, cattle is fed fodder and pasture grasses. Crops are rotated through no till techniques that reduce the risk of soil erosion.

There are about 30 million hectares of degraded pastures in Brazil available for Crop-Livestock Integration

According to the Ministry of Agriculture, there are about 30 million hectares of low-productivity pasture land that should be released for agriculture in the coming years through the Crop-Livestock Integration program.

Biodiesel and Sustainability

Soy oil will be the big lever for biodiesel production in Brazil, in the short and medium terms

Representing about 90% of the country's total vegetable oils production, soy oil will probably be the big lever for biodiesel production in Brazil, in the short and medium term. In the long term, soy should be gradually replaced by other oilseeds with greater oil content. This competition between the various raw materials is very healthy and should result in lowering the production costs for Brazilian biodiesel over the long term.

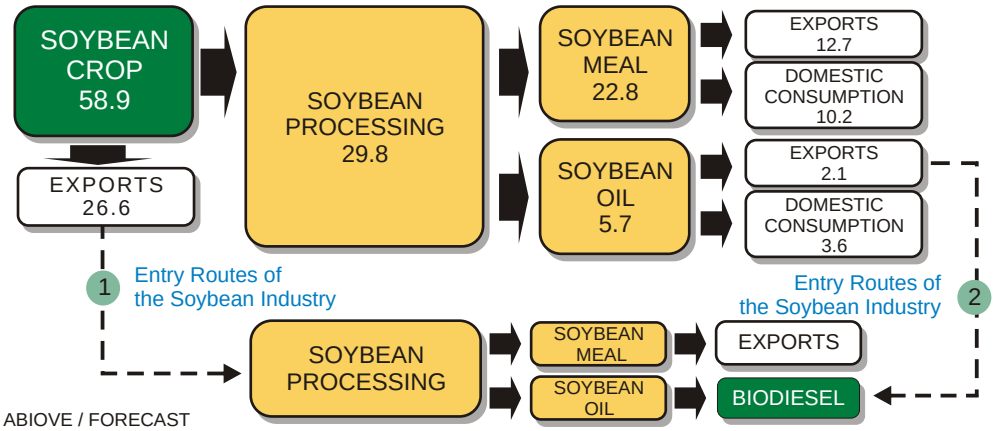
Starting in 2008, about 845 million liters of vegetable oils will be needed to meet the demands for biodiesel

Starting in 2008, when the compulsory addition of 2% biodiesel to diesel comes into effect, about 845 million liters of vegetable oils will be needed to meet the demands of this new market. There have been frequent discussions on a possible conflict regarding the availability of vegetable oils to meet simultaneously the demands of the food and energy markets. One of the most frequent questions refers to the increase of soy acreage for biodiesel production. Starting with the Soy Complex data, we see that the sector has two options for entry into biodiesel production that do not require an increase in Brazil's soy acreage.

There have been frequent discussions on the possible conflict regarding the availability of vegetable oils in Brazil to meet the demands of the food and energy markets simultaneously

The soy sector has two options for biodiesel production that don't require an increase in Brazil's soy acreage

Soy Complex in Brazil 2007/08 (millions of tons)



SOURCE: ABIOVE / FORECAST

OPTION

Option 1: Redirecting part of soy grain exports to domestic processing, generating additional soy oil production for biodiesel and exporting soy meal (instead of grain). This is the best option for the sector and for the country because it adds value, generates jobs and reduces the processing industry's idle capacity, without reducing the sector's export income (which reached 8% of Brazil's total exports in 2006).

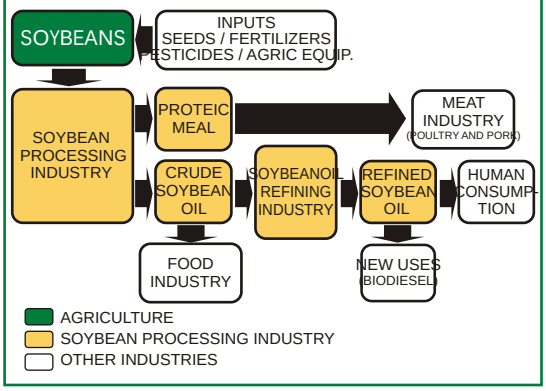
Option 2: Diverting of part of the soy oil export volume to biodiesel production.

Significant Numbers of the Soy Complex in Brazil

The soy complex unites the productive chain of soy and its derivatives (meal and oil)

The national vegetable oils industry is mainly active in the soy complex, uniting the soy and derivatives productive chain. The industrial processing of soybeans produces soy proteic meal, widely used in poultry and pork feeds, and soy oil, an important item in Brazil's basic food basket. In addition to these products, the vegetable oils industry also produces several other products for the food market, including fats, margarines, vegetal creams, lecithins, tocopherol (vitamin E) and proteins.

Soybean and Its Products Production Chain



Soy is Brazil's main agricultural crop, in volume and in income generation

Brazil is the second largest soy producer and exporter in the world, behind only the United States. With the 2007 crop estimated at about 58.9 million tons, soy production represents about 45% of Brazil's grain production. This crop is also responsible for 30% of the national agricultural income (according to CNA, the National Agricultural Confederation) and answers for the activity of over 243,000 small, medium and large producers, spread over 17 states (IBGE, Brazilian Geographic & Statistics Institute).

Over 30 years of research by EMBRAPA and private foundations

The Brazilian soy production success is the result of over 30 years of research by EMBRAPA and private foundations. The evolution of crop techniques adapted to national conditions and genetic improvements have resulted in soy's “tropicalization”, which allowed the extensive and rudimentary occupation of the Cerrados to be replaced by an activity based on technology with economic, social and environmental sustainability.

Over 80% of Brazil's soy crops use Direct Planting

Another important point related to crop techniques is that over 80% of Brazilian soy use the no till system (the soil remains covered and not subject to erosion), which is the best soil conservation practice for tropical countries.

Soy production promotes riches in the interior of the country

The development of soy crops has improved the quality of life and developed infrastructure (transport, education and health) in the interior of the country. Of the 20 towns with the best Human Development Index (HDI) in Mato Grosso state (the nation's largest soy producer), about 15 have soy production as their main economic activity (the HDI value for these towns is significantly higher than the national average).

Soy meal is fundamental for poultry and pork production

As for soy derivatives, soy meal accounts for about 94% of the domestic proteic meal production used in animal feeds, fundamental for the production of poultry and pork.

Soy oil is the main vegetable oil produced and consumed in Brazil

In addition to being the main vegetable oil produced and consumed in Brazil (over 90% of domestic production), soy oil should also be an important supplier of raw material for biodiesel production.

The sector generates over 1.5 million jobs

Based on data from the BNDES Job Generation Model, the sector generates an estimated 1.5 million plus direct and indirect jobs for the economy, considering the income-effect generated in the economy.

The soy complex is one of the main items in the trade balance

In addition to its importance in the domestic market, the soy complex (soybeans, meal and oil) is one of the main items in Brazil's trade balance, responsible for 7% of exports in 2006, generating US$9.1 in foreign exchange. In 2007, the sector's total exports will rise to US$11.4 billion.

ABIOVE

ABIOVE represents the vegetable oils and proteic meal sector

ABIOVE, the Brazilian Vegetable Oils Industry Association, was founded in 1981 and has 11 member companies that are responsible for about 72% of Brazil's soy processing volume.

ABIOVE's objective is to represent the vegetable oil industries, cooperate with the Brazilian government in the execution of the policies that govern the sector, promote Brazilian products, support its member companies, generate statistics and prepare sectorial studies.

The companies which form ABIOVE are: ABC-Inco Indústria e Comércio; ADM Brasil Ltda.; Amaggi Exportação e Importação Ltda.; Baldo S/A-Comércio Indústria Exportação; Bunge Alimentos S/A; Cargill Agrícola S/A; Eisa Empresa Interagrícola Cooperativa; Imcopa Importação Exportação e Indústria de Óleos Ltda.; Louis Dreyfus Commodities Brasil S.A.; Óleos Menu Indústria e Comércio Ltda.; Produtos Alimentícios Orlândia S/A-Comércio e Indústria.

ABIOVE

Associação Brasileira das Indústrias de Óleos Vegetais
(Brazilian Association of Vegetable Oil Industries)

Av. Vereador José Diniz, 3.707 - Cj. 73 - CEP 04603-004 - São Paulo - SP - Brazil
Phone: 55 (11) 5536.0733 - Fax: 55 (11) 5536.9816
abiove@abiove.com.br - www.abiove.com.br