



On March 19, 2015, more than 60 key stakeholders from the Chinese and international soy industry gathered at the Embassy of the Netherlands in Beijing for the kick-off of the China-South America Sustainable Soy Trade Platform.

The event was jointly organized by The Paulson Institute, Solidaridad, The Nature Conservancy, and WWF with great support from the China Soybean Industry Association, the Embassy of the Netherlands and FAO China as part of a two-year project sponsored by the Moore Foundation aimed at mobilizing the Chinese market to send a demand signal for responsibly produced soy from South America.

The Project's Main Objectives:

- Facilitate direct business contact and information sharing among key stakeholders of the Chinese and South American soy sectors
- Facilitate periodical discussion among market leaders in China (both multinationals and major Chinese importers) to develop consensus and aligned strategy in supporting sustainable production and responsible procurement of soy
- Share best practices on supply chain management to ensure soy imported to the China market is in compliance with local laws (e.g. the Brazilian Forest Code)

Key Chinese stakeholders such as Jiusan Group, Sinograin, Hopefull Group, COFCO, Chinatex, Julong, and Chongqing Grains participated in the event. These companies alone represent over 20 million tons of annual soy imports, nearly 30% of national total. Downstream players such as New Hope, Well Hope-de Heus, CP Group, and Friesland-Campina also attended. In addition, representatives from Rabobank, and China's Ministry of Agriculture, Ministry of Commerce, and Ministry of the Environmental Protection joined the discussion to explore effective strategies to curb deforestation and habitat conversion from soy production in South America.

The event opened with a welcome speech by Mr. Andre Driessen, the Deputy Ambassador to the embassy. Mr. Driessen addressed the importance of the European market for promoting sustainability with the Netherlands as one of several European countries that has already made a public commitment to buy 100% soy from sustainable sources. Mr. Driessen also urged China and the Netherlands, as the world's top two importing countries, to join hands in promoting sustainability in the global soy sector.



Mr. Driessen of the embassy of the Netherlands opens the discussion, as key soy stakeholders gathered on the afternoon of March 19.

Ms. Rose Niu, Chief Conservation Officer at the Paulson Institute presented the background of the project, starting with the question of “what does climate change have to do with the soy industry?”. Ms. Niu stated that deforestation contributes 17% to global carbon emissions, in which half is used to produce agricultural commodities. As a major crop, increasing soy production in South America has directly resulted in deforestation and other habitat conversion, intensifying global climate change. With China as the largest soy importer at 65% of total world soy imports, the soy trade between South America and China is of strategic value for mitigating the environmental impact of soy production. She welcomes Chinese key players to take proactive actions and use the power of the Chinese market to help promote environmentally responsible soy production in South America.

Executive Vice President of the China Soybean Industry Association, Mr. Liu Denggao, introduced the current Chinese soy industry. Mr. Liu emphasized the importance of creating a sustainable supply chain to feed not only the people of today, but the people of tomorrow. Mr. Liu also urged the Chinese soy actors to be more proactive in joining the global discourse on sustainability and responsibility.

Chairman Mr. Shi Kerong of Hopefull Grain & Oil Group, spoke on behalf of Chinese soy processing companies. Mr. Shi emphasized the importance of technology innovation and raising environmental awareness with strong trade cooperation to strengthen sustainable development in the soy sector.

CEO Mr. Wilco Hendriks of Rabobank China introduced the Dutch bank’s commitment to and policy on sustainable development by providing financial support to soy farmers and facilitating in soy transportation.



Ms. Rose Niu of the Paulson Institute



Mr. Wilco Hendricks of Rabobank

Mr. Ben Roth, Global Strategy Advisor at the Nature Conservancy, introduced soy production in South America. To slow down deforestation and the clearing of natural habitat for soy production, legal requirements have been put into place, e.g. Brazil's Forest Code. Using remote sensing technology to track habitat conversion in regards to law compliance, however the law is still difficult to fully enforce and there is still room for improvement. Thus a clear signal from China will be highly desirable to push Brazilian producers to move towards compliance and a sustainable mode of production.

Dr. Hu Tao, China Program Director of WWF, explained the relationship between trade and the environment. The high amount of waste generated from trade has great impact on water and land resources, and stays in the country of origin. As the biggest exporter in the world, China has also generated a lot of damage to the environment due to heavy trade of manufactured goods. Dr. Hu further introduced ongoing discussion at the WTO community on the topic of trade and environmental protection, stressing that there is no absolute free trade even at the WTO.



Mr. Liu of China Soy Industry Association



Mr. Dai of Sinograin

The second half of the event opened with Mr. Martin Ma, Managing Director of Solidaridad China to explain the function of the platform and the role of each organization. Mr. Ma emphasized the importance of improving communication from trade, environmental protection and sharing of information. The first step of the

project is to create an enabling environment for Chinese companies to develop a consensus and an aligned strategy to purchase soybeans from law-complying sources in South America. The Paulson Institute is the overall coordinator of the project. Solidaridad leads the efforts in China to engage key Chinese soy stakeholders. TNC plays an important role from Brazil, to support soy exporters and producers to gradually comply to local laws. WWF's role is focused on research and policy analysis of relevant issues regarding trade and China's green procurement policies.

The event was concluded with an open discussion. There was much agreement that greater communication and cooperation must be made between China and South America to meet legal compliance and move towards responsible soy production. Some companies shared challenges, while others, such as Julong, shared its experience in creating a responsible palm oil supply chain in Indonesia. While progress has been made, the Chinese market has an opportunity to strengthen legal compliance and develop a consensus for sustainable soy production.



At the end of the session, participants were asked to fill out a feedback form to find out what kind of support and information they seek through the platform. 94% of the participants expressed the desire to follow-up and continue discussions.

Through the proposed platform, the four organizations will organize regular discussions regarding the China and South America soy trade, sharing information on South America's soy production situation, including local laws and regulations. In the next two years, the four organizations will also organize exchange visits between key stakeholders in China and South America. A web portal will also be built to communicate best practices and business cases to a broader audience.

The project is sponsored by the U.S. Gordon and Betty Moore Foundation. For more information, please contact Ms. Isabel Nepstad at: Isabel@solidaridadnetwork.org