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Rue de la Loi/Wetstraat 200 1049 Brussels Belgium

8th November 2021

Re: EU anti-deforestation law could let soy-driven forest destruction off the hook

Dear Vice-Presidents and Commissioners,

We urge you to ensure that all soy imports, including soybean cake and soy-protein concentrate (SPC), and those produced through the conversion of savannahs, are included in the scope of the upcoming EU anti-deforestation law. If soybean cake, SPC and soy products produced through the destruction of savannahs like Brazil's Cerrado are not included, the law would be exempting from its regulations the single largest cause of deforestation driven by EU consumption: soy from South America for animal feed. Further, it would undermine efforts to protect Europeans from being complicit with the destruction of forests and woody savannahs in Brazil.

Animal feed from soy has caused <u>more deforestation than any other commodity imported</u> into the EU between 2005 and 2017, greater even than the destruction caused by palm oil.

More than half of all soy imports into the EU in the period 2017-2018 were in the form of soybean cake (HS code 2304). In the case of Argentinian soy, almost <u>all imports</u> in the same period were soybean cake.

According to commodity supply chain transparency initiative Trase, soybean cake imports from Argentina, Brazil and Paraguay are linked to the same levels of deforestation as soybeans imports.

In sum, if the regulation fails to include these soybean cake imports, it would, at best, ignore half of the problem. At worst, it would become a perverse incentive for soy traders to crush all soybeans at origin and turn them into soy meal and cake for exports to the European market, wiping out any potential environmental benefit of the law.

Deforestation in Brazil's Cerrado savannahs

Around <u>70%</u> of the forest destruction associated with soy consumed in the European Union has been concentrated in one critical biome, the Cerrado, the world's largest tropical woodland.

The Cerrado is an <u>'upside-down forest'</u> that stores around 13.7 billion tons of carbon dioxide in its soils and deep root systems. Half of the Cerrado has already been cleared to make way for soy and cattle - an area as big as France, Germany, Belgium and the Netherlands together.

Worryingly, the bulldozing of the Cerrado continues to intensify. In the first eight months of 2021 deforestation in the Cerrado was <u>25% higher</u> than in 2020.

DG Environment argues that savannahs, wetlands and peatlands can be added at a later stage, once the regulation has been tested. However, the vertiginous pace of land clearance in the Cerrado and the stark warning of this year's IPCC report make clear that we do not have that extra time.

Every year, approximately <u>140,000 hectares of the Cerrado's native vegetation</u> is converted into soy plantations. This means that if we wait five years to review the regulation in order to include other natural ecosystems, we would lose an additional 700,000 hectares – an area eight times the size of Berlin.

If history is any guidance, the exclusion of savannahs, wetlands and peatlands in the upcoming regulation would increase pressure on those vital ecosystems. In 2006, the world's largest soy traders, big landowners, and the Brazilian government agreed to stop soy expansion in the Amazon. The voluntary agreement, called the Amazon Soy Moratorium, put an end to deforestation driven by soy in the Brazilian Amazon almost overnight. However, the Moratorium didn't include other critical ecosystems such as the Cerrado savannahs, where deforestation has inexorably kept going.

This means that if the Commission sets out to only protect ecosystems strictly defined as "forests", soy expansion in South America will keep shifting from the Amazon basin and the dry forests of Gran Chaco

(another soy frontier) to the Cerrado, exacerbating deforestation, greenhouse gas emissions, violence and human rights violations.

The upcoming EU regulation on forest-risk commodities has the potential to provide a much-needed level playing field for Europe's businesses using soy. The EU has the historic opportunity to help companies operating in Europe to achieve Deforestation- and Conversion-free soy supply chains.

We urge you to seize this opportunity and propose a law that covers:

- all ecosystem destruction caused by soy
- all soy imports, including soybean cake and SPC

We fully remain at your disposal for any additional questions and will keep the letter open for other organisations to sign as well.

Yours sincerely,

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