

Loophole Lets Soya Farmers Tear Down the Amazon

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The Amazon rainforest is still being burnt to make way for soya to feed the world’s livestock, despite supposedly tough rules designed to prevent precisely this deforestation.

An investigation has uncovered how three of the world’s biggest food businesses have purchased soya from companies whose supply chains have been the subject of concerns over links to illegal deforestation and forest fires in the Brazilian Amazon.

Cargill, Bunge and Cofco sourced soybeans from the Chinese-owned Fiagril and the multinational Aliança Agrícola do Cerrado, both of which have been supplied by a farmer fined and sanctioned multiple times after destroying swathes of rainforest.

Deforestation of the Amazon has potentially dire environmental consequences for climate and biodiversity, with experts fearing the habitat might soon cross a point of no return. Recent research suggests some parts now emit more carbon than they absorb.

The Bureau of Investigative Journalism, Unearthed and Repórter Brasil used satellite images and enforcement records to uncover how soya was illegally planted on land that had previously been placed under embargo – a form of government ban that stops farmers found to have breached deforestation rules or caused other environmental damage from using parts of their own land.

Fiagril and Aliança have exported millions of tonnes of Brazilian soya in recent years to China, Saudi Arabia and Russia as well as Spain, Portugal, the Netherlands and the UK. The crop is a key ingredient in poultry, pig and cattle feed, particularly for animals reared on intensive farms.

A hole in the defence

The findings highlight how so-called “dirty” soya – linked to illegal Amazon deforestation – could find its way into supposedly “clean” international supply chains, despite apparently robust mechanisms, widely supported by green groups, designed to halt destruction of the rainforest for soya.

Image on the right: Soybeans grown in the Brazilian Amazon (Source: Bruno Kelly/Greenpeace)



The soya moratorium, signed by all major agribusinesses, prohibits the purchase or financing of soya grown on areas in the Amazon that were deforested after July 2008, and is widely credited with dramatically reducing deforestation linked to soya farms.

But our investigation has raised concerns about a potential loophole in the moratorium's monitoring system that could allow traders to continue buying soya from farmers who have been linked to illegal deforestation.

The fate of the Amazon is the subject of intense focus as world leaders scramble to agree on how to tackle the climate emergency. The Brazilian government recently said it needed \$1bn of foreign aid to slow the rainforest's destruction. Research [published in the academic journal Nature Climate Change](#) found the area deforested in the Amazon almost quadrupled in 2019 - President Bolsonaro's first in power - versus the year before.

Sarah Lake, of the campaign group Mighty Earth, said the case demonstrated how companies were failing to seriously invest in cleaning up their supply chains. "Traders continue to make claims regarding sustainable soy while simultaneously turning a blind eye to suppliers like these that illegally deforest and set fires. And their customers continue to purchase from them," she said.

She added that the behaviour highlighted by the investigation illustrated a much wider problem. "Our own monitoring system found dozens of cases ... linked to major soy traders over the last two years, and when we notify the traders of these issues they do nothing to address them."

Fiagril told the Bureau that it condemns illegal activity and is "committed to the legal enforcement of sustainability in agriculture with our clients and suppliers". Aliança said: "Since its creation, Aliança has always operated in strict terms of legality, observing all Brazilian and international legislation, including environmental laws."

Cargill told the Bureau it would investigate matters raised regarding Fiagril and Aliança as a result of the revelations.

Banned but still selling soya

Last July, in the remote Marcelândia region of Brazil's Mato Grosso state, satellites picked up fire burning across land linked to Alexandra Aparecida Perinoto, a soya and cattle farmer. The images showed billowing smoke and flames tearing through the vegetation.

It was not the first time that the rainforest in this corner of Marcelândia had been decimated. At least 15 sq km of forest linked to Perinoto was embargoed in 2019 by Brazil's environmental regulator IBAMA after being deforested. Embargoes are published and imposed to serve both as a punishment and a protective measure to allow land to recover.

A separate embargo, issued by Mato Grosso's state environment agency in 2016, names Perinoto in relation to further illegal deforestation. Using satellite analysis from [MapBiomas](#), Repórter Brasil established that soya was illegally grown on this land in 2018 and 2019,

despite the embargo.

Public records show that Perinoto has been fined a total of R\$12m (£1.3m) for breaches of forest protection rules. She is also the subject of a civil legal action for illegal deforestation.

She declined to respond to the Bureau's questions.

Perinoto is understood to have appeared on a "banned list" of suppliers who have been accused of illegal deforestation, circulated to help traders avoid buying soya from deforested land. The blacklist is compiled annually by a working group of industry bodies and Greenpeace, which was instrumental in setting up the moratorium in 2006.

Yet despite this, the Bureau has learnt that soya grown by Perinoto on at least one of her farms entered the supply chains of at least two major agribusinesses, Fiagril and Aliança, who purchased significant quantities of beans from the farmer in 2019. It is not known if this soya came from prohibited land.

Fiagril is owned by the Chinese corporation Hunan Dakang Pasture Farming, and trades soya and other crops on both domestic and export markets. The company is backed by the Chinese government, with a three-year \$300m revolving loan approved in 2019. Aliança is owned by the agri-industrial conglomerate Sodrugestvo.

Taken together, Fiagril and Aliança have exported at least 2.5 million tonnes of soya from Brazil since August 2015.

Bunge bought soya from Fiagril, and Cargill and Cofco purchased soya from Aliança, after the two companies had been supplied by Perinoto in 2019, according to records seen by the Bureau. In the Bunge case, records show Perinoto sold Marcelândia soybeans to Fiagril's operations in the nearby city Sinop in April 2019, and in June that year Fiagril sent soya from Sinop to Bunge in Spain.

Fiagril and Aliança, as well as the three international traders, are signatories to the moratorium [agreement](#). Signatories commit to not "sell, purchase and finance soya from areas deforested in the Amazon biome after July 2008".

How "dirty" soya farmers clean up

The moratorium has been highly praised for reducing soy-driven deforestation in the Amazon. One estimate suggests the agreement prevented about 18,000 sq km of deforestation in its first decade, an area roughly the size of Wales.

However, our investigation has highlighted a loophole in the moratorium's monitoring system. While buying soya grown directly on deforested farmland is prohibited, the moratorium allows companies to keep trading with farmers who have been caught illegally felling rainforest, so long as the soya originates on other farmland, free of illegal deforestation.

Experts and campaigners say this leaves the door open to potential soya "laundering" or "triangulation" - where a farmer has several farms and could attempt to launder "dirty" soya by selling through "clean" farms.

Complex land registration systems in Mato Grosso can further facilitate the loophole by

allowing farmers to divide their farms into separate properties. The moratorium's monitoring system is understood to usually only prohibit the land where the breaches occurred, excluding other properties owned by the same farmer. Purchasing decisions appear to be left largely to buyers' own interpretations of the rules.

Andre Nassar, executive president of Abiove, the Brazilian soy traders' association, said it was up to traders to decide how conservative an approach to take when purchasing soya. "[For example], you have a person that owns a farm that is noncompliant with the moratorium," Nassar said, "and the same person has another farm with an embargo from Ibama ... [Traders might] look at that and say 'it is too risky, I won't buy from them [at all].' But that is an individual decision. That is not part of the moratorium rules."

He added: "Moratorium governance has several layers to guarantee that soybeans from non-compliant farms are not entering the supply chain."

"Allowing different properties operated by the same person or group to follow different rules opens a loophole that farmers can use to circumvent the soy moratorium," Lisa Rausch, a researcher at the University of Wisconsin, said.

In 2016 she and her colleague Holly Gibbs surveyed farmers in Mato Grosso and found that those growing soya on multiple plots often only provided buyers with documentation from a single property, hampering traceability.

Rausch emphasised that the moratorium had been a "game-changer", leading to very low levels of deforestation for soya - her research found that use of the loophole was rare. However, she told the Bureau the loophole could prove more significant under Bolsonaro's government. "This is why strong messages from consumer countries and investors about the importance of the moratorium are needed," she said.

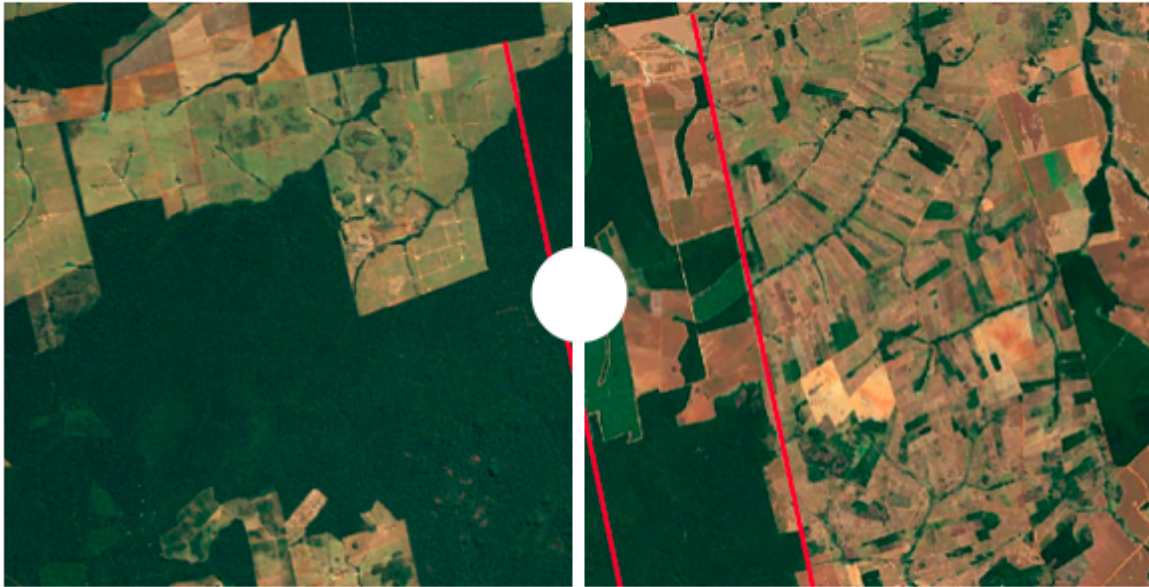
Research by Repórter Brasil [highlighted a complex web](#) of land registrations in the Perinoto case, with apparently contiguous farmland in Marcelândia broken into separate properties. One property is even further subdivided into more than twenty parcels of land, registered in the names of Alexandra Perinoto and her three children.

Property names had also been altered in what the report suggested could be a deliberate strategy designed to hide the origin of the soya and its connection to areas of farmland with environmental damage.

Perinoto declined to respond to Repórter Brasil's findings. When asked about their purchases from Perinoto, neither Aliança or Fiagril denied buying from her.

2008 to 2020

Despite the soya moratorium, pristine rainforest was destroyed to make way for crops



Aliança said it was regularly audited and in compliance with all regulations and that “there are no facts or official rulings that mention, connect or in any other way refer to Aliança in any environmental violations”.

The company said it deals with “countless farmers and producers in Brazil” and “businesses outside of Aliança’s control remain within the sole responsibility of a particular farmer/producer”.

Fiagril said that it did not source soya from areas embargoed due to environmental damage. It added: “In February 2021, following an audit of the 2019/20 harvest, Fiagril received an official declaration signed by Abiove and Greenpeace attesting to its full compliance with the soy moratorium.”

Greenpeace Brasil denied this, saying that the monitoring process for that harvest has not yet been completed. It told the Bureau: “The findings of this investigation linking Fiagril to potentially illegal soy are extremely concerning and we will make sure they are fully investigated and appropriate action taken.”

Greenpeace acknowledged that the moratorium’s system “is not perfect” and said it was pushing for improvements, including “greater transparency and proper scrutiny of indirect suppliers and strategies to avoid soy triangulation”.

Bunge said it has not purchased soybeans from Aliança since 2017, and that Fiagril had not supplied them with soybeans from Marcelândia. “As a signatory of the Amazon Soy Moratorium, purchases made by Fiagril are audited by independent entities,” the company said.

Cargill said it did not source soya “directly” from Perinoto. It added: “We have firmly upheld the Brazilian Soy Moratorium in the Amazon since 2006 ... We will investigate Fiagril and Aliança do Cerrado in accordance with our soy grievance process.”

Cofco said: “We conduct monthly internal audits as well as annual external audits on suppliers’ compliance with the Moratorium. The 2019 audit confirmed that all our suppliers complied with Moratorium requirements in the past season.”

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Featured image: Land cleared for a soya plantation in the Amazon. Credit: Greenpeace/Rodrigo Baléia

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