

Trase Yearbook 2020: The state of forest risk supply chains



**This slide deck was presented in the Trase Yearbook 2020 launch webinar on 2 July 2020.
You can view the recording of the webinar [here](#).**

Note. The original presentation had videos and animations.

Trase Yearbook 2020: The state of forest risk supply chains



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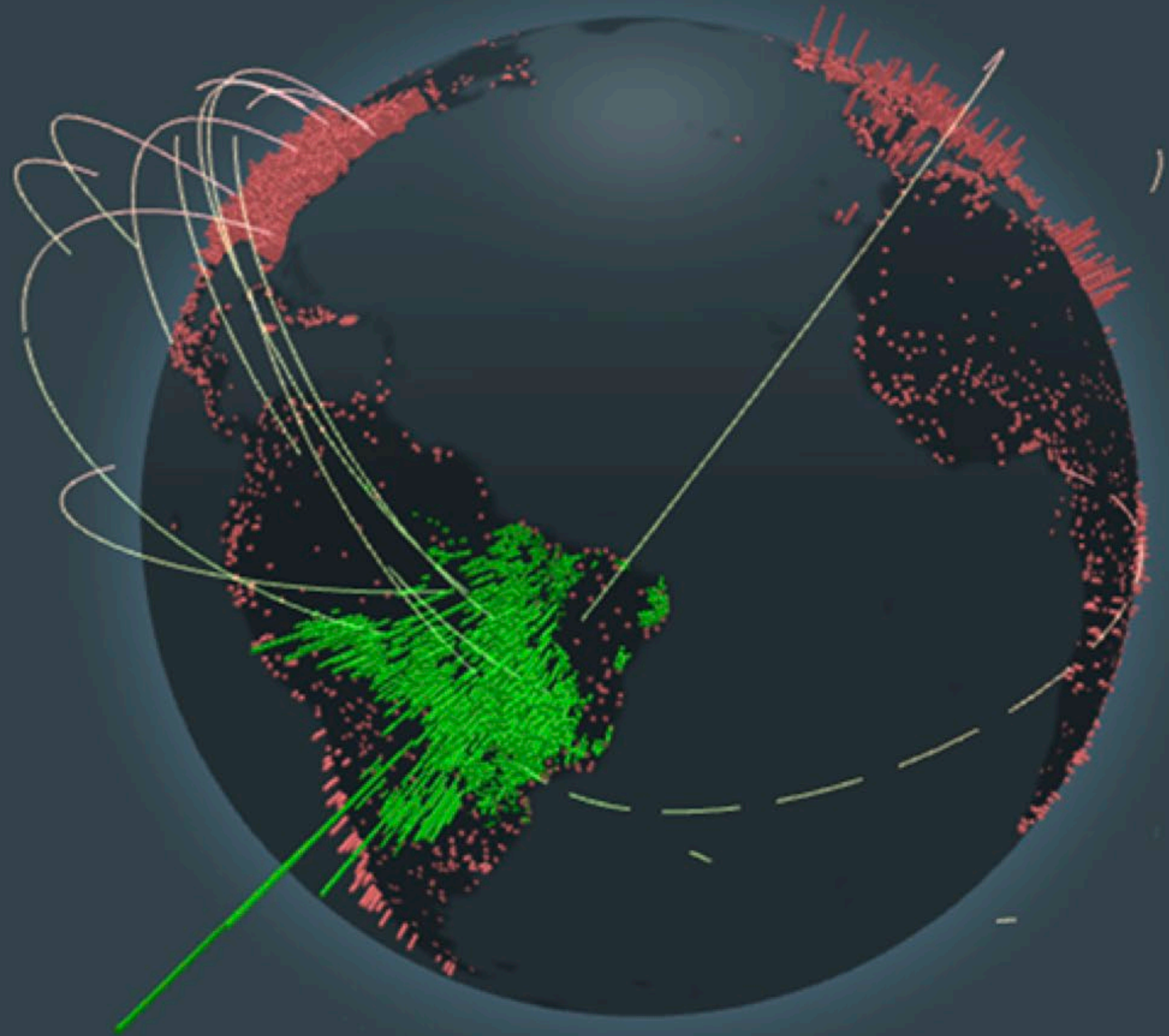
Trase: Intelligence for sustainable trade

Trase vision

Markets, governments and civil society are empowered to transition towards sustainable commodity production and consumption

Trase mission

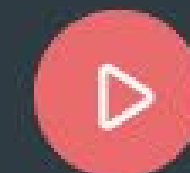
Revolutionize the transparency of global trade to connect consumer markets to their impacts on the ground at scale



Trase Yearbook 2020

The state of forest risk supply chains

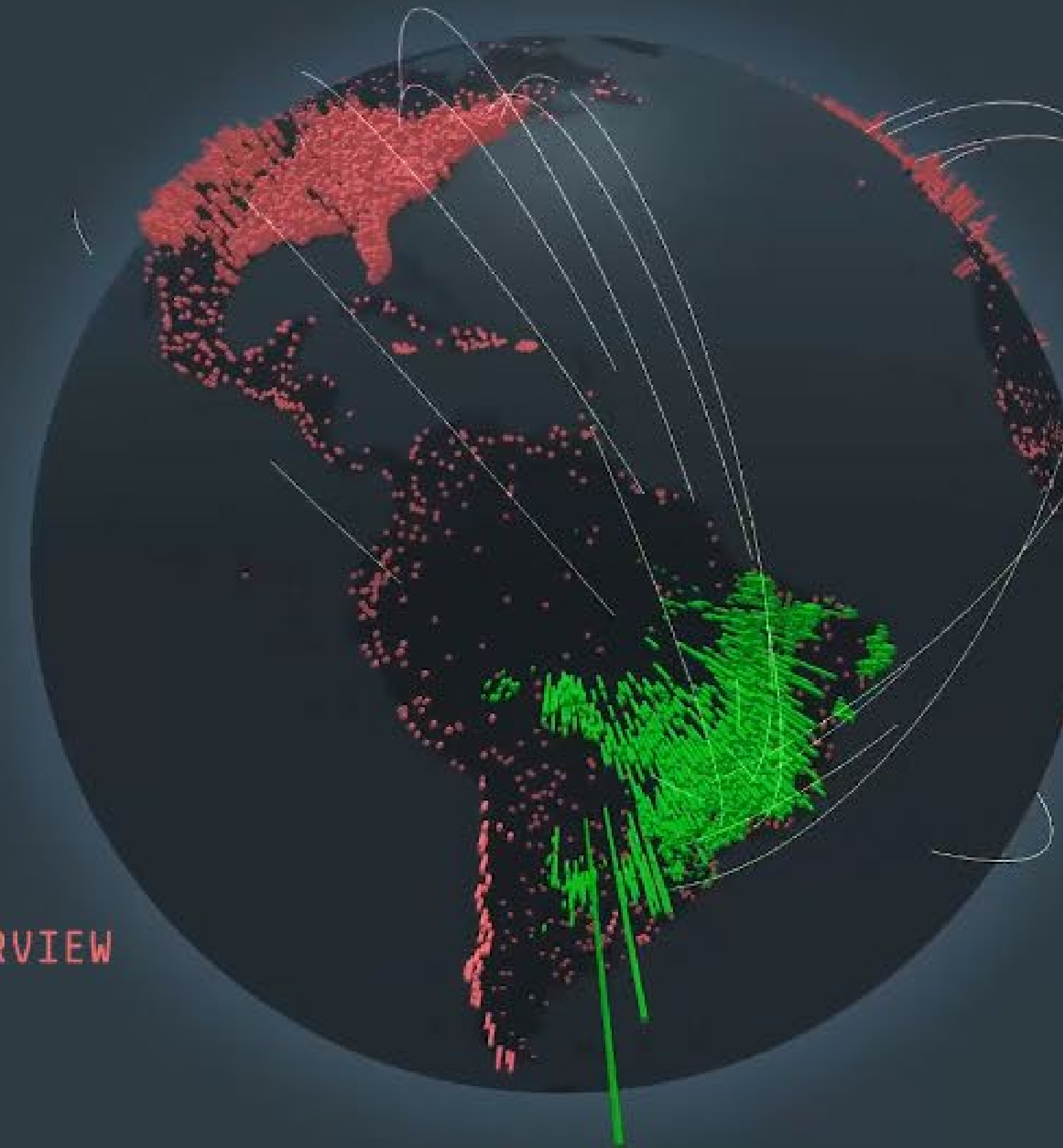
A review of commodity deforestation and expansion, the traders and markets that dominate exports and their exposure to associated deforestation risks, and the effectiveness of zero-deforestation commitments for half of global trade in forest-risk commodities.



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Trase Yearbook 2020

1. How is agricultural expansion linked to deforestation?
2. Who is buying forest-risk commodities and from where?
3. What are the greatest sources of deforestation risk in the supply chains of major commodity buyers?
4. What is the coverage of zero-deforestation commitments and what impacts are they having?



1

Agricultural expansion
and conversion



Spotlight on Amazon, Cerrado and Chaco

Annual deforestation rates have dropped across continent compared to a decade ago

Recent surge in deforestation in the Brazilian Amazon and emerging frontiers in neighbouring countries

Yet environmental impact of continued clearance rises as biomes diminish in size. 1 ha of loss in Gran Chaco ~ 1.3 ha loss in the Cerrado ~ 6.5 ha loss in the Amazon



Expansion of cattle pastures is the dominant (direct) driver of deforestation across all three biomes (2018)



95% PARAGUAY CHACO



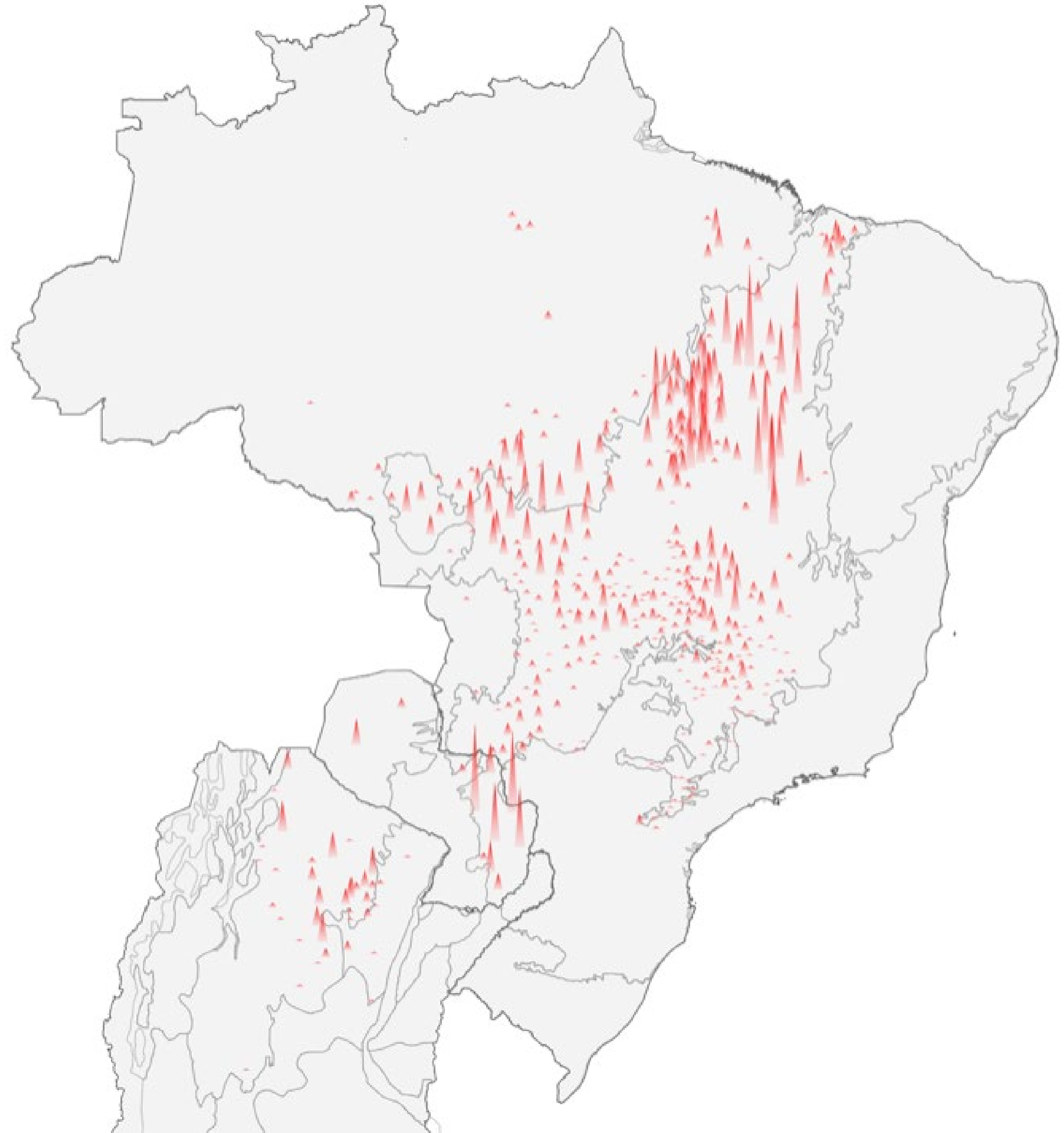
81% AMAZON



54% CERRADO

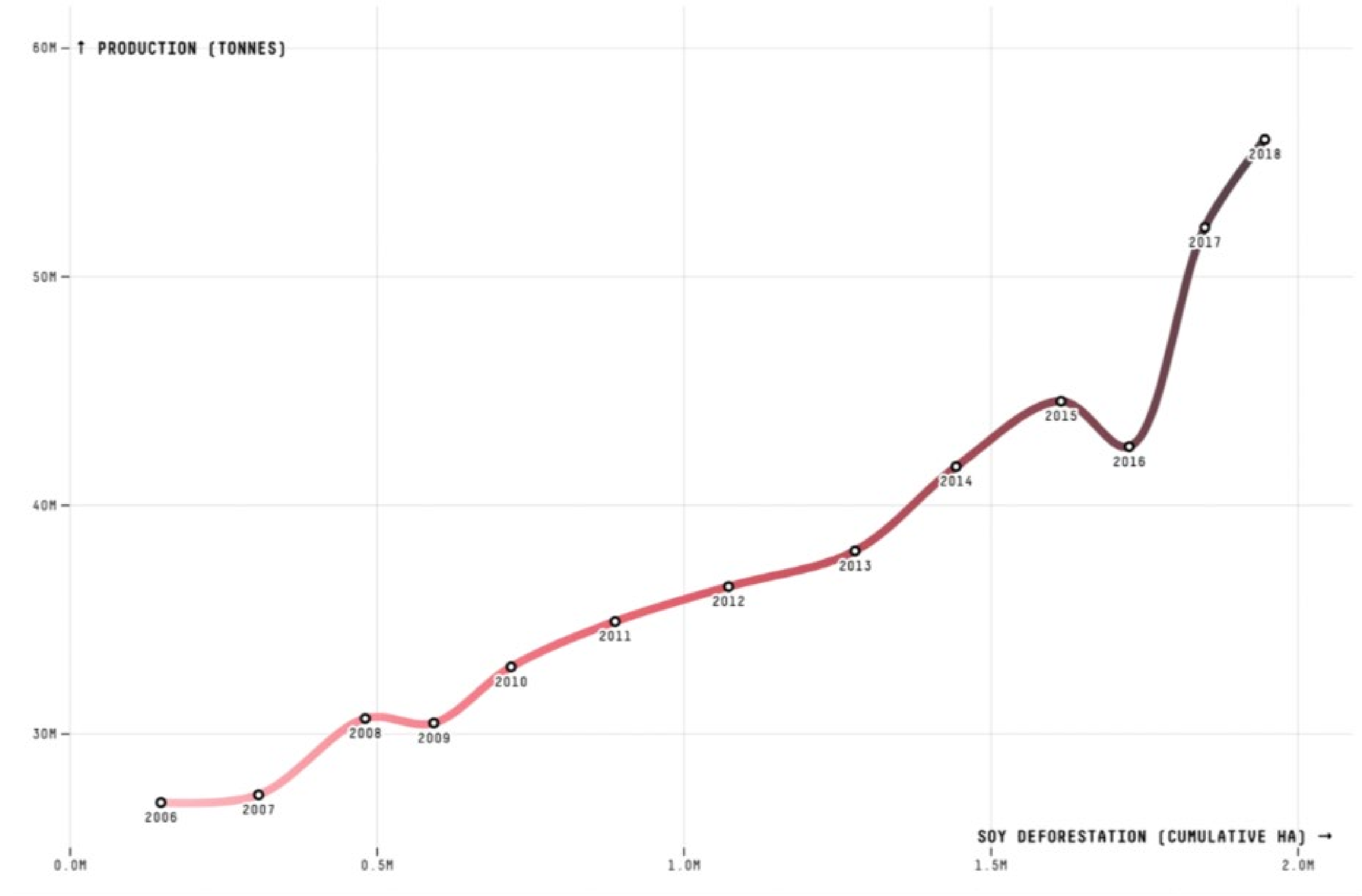
Soy deforestation

Direct deforestation for soy is concentrated in the Cerrado...



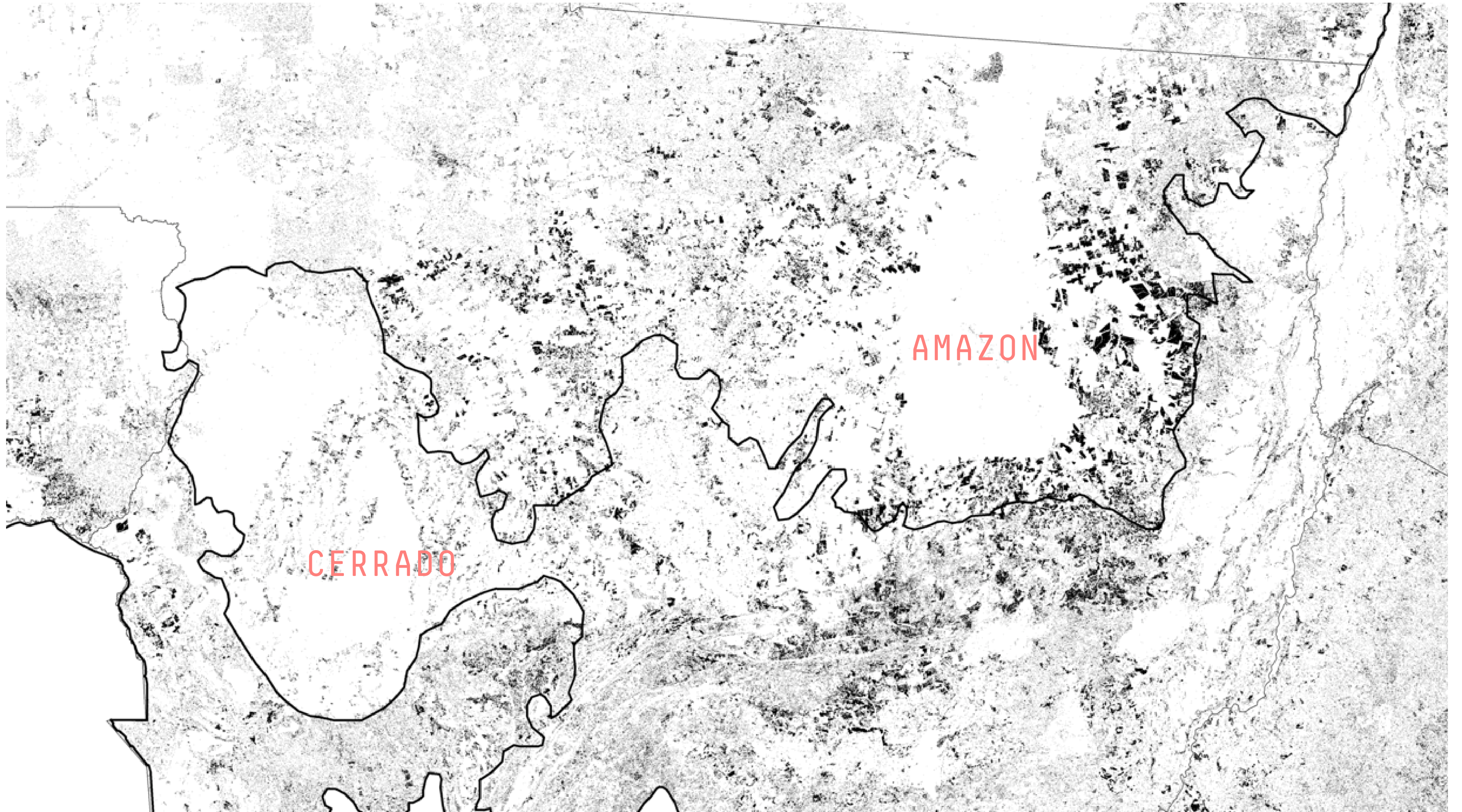
Soy deforestation

...but is declining over time
as production increases



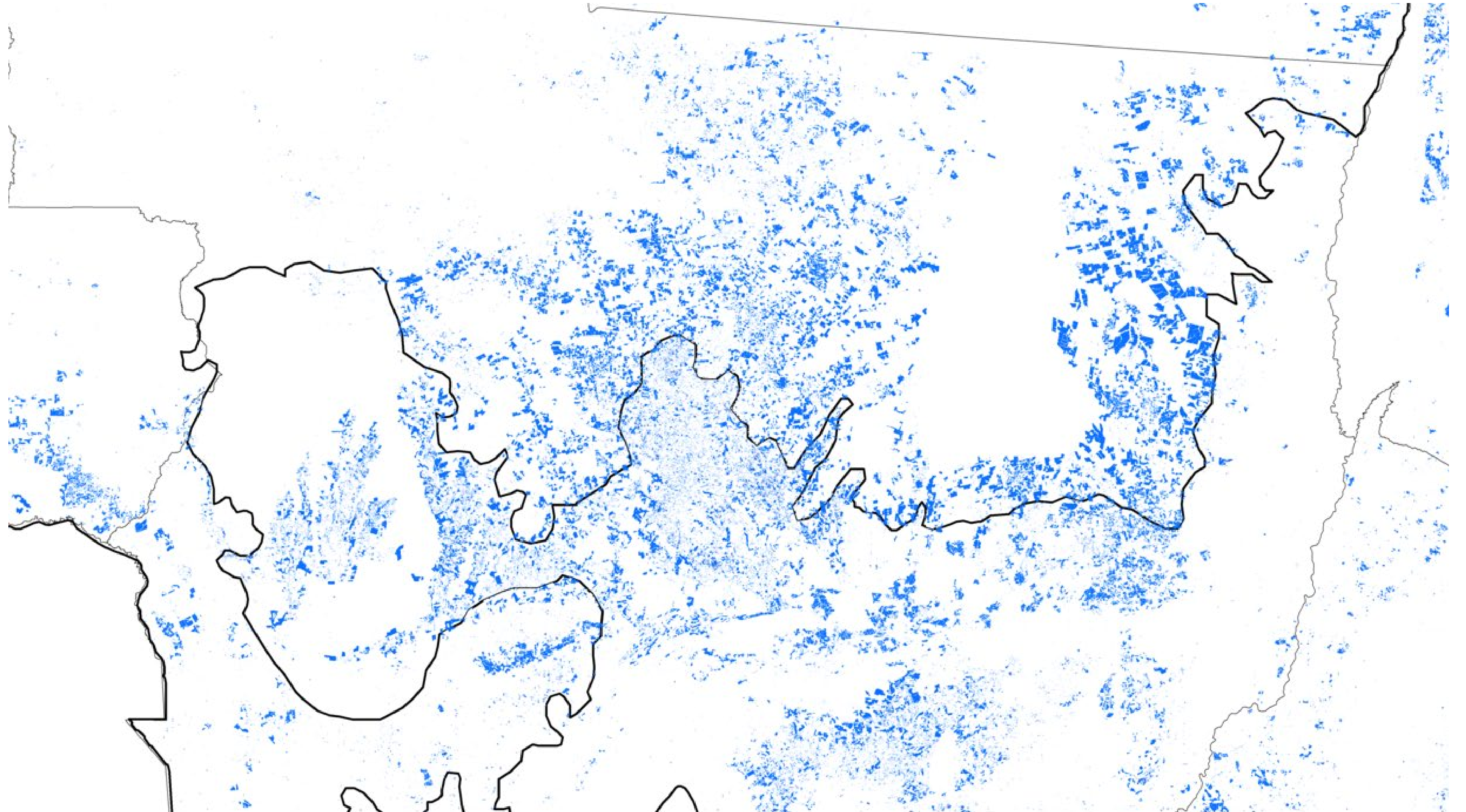
Soy expansion as an indirect driver of deforestation

Loss of pastures
2008-2017



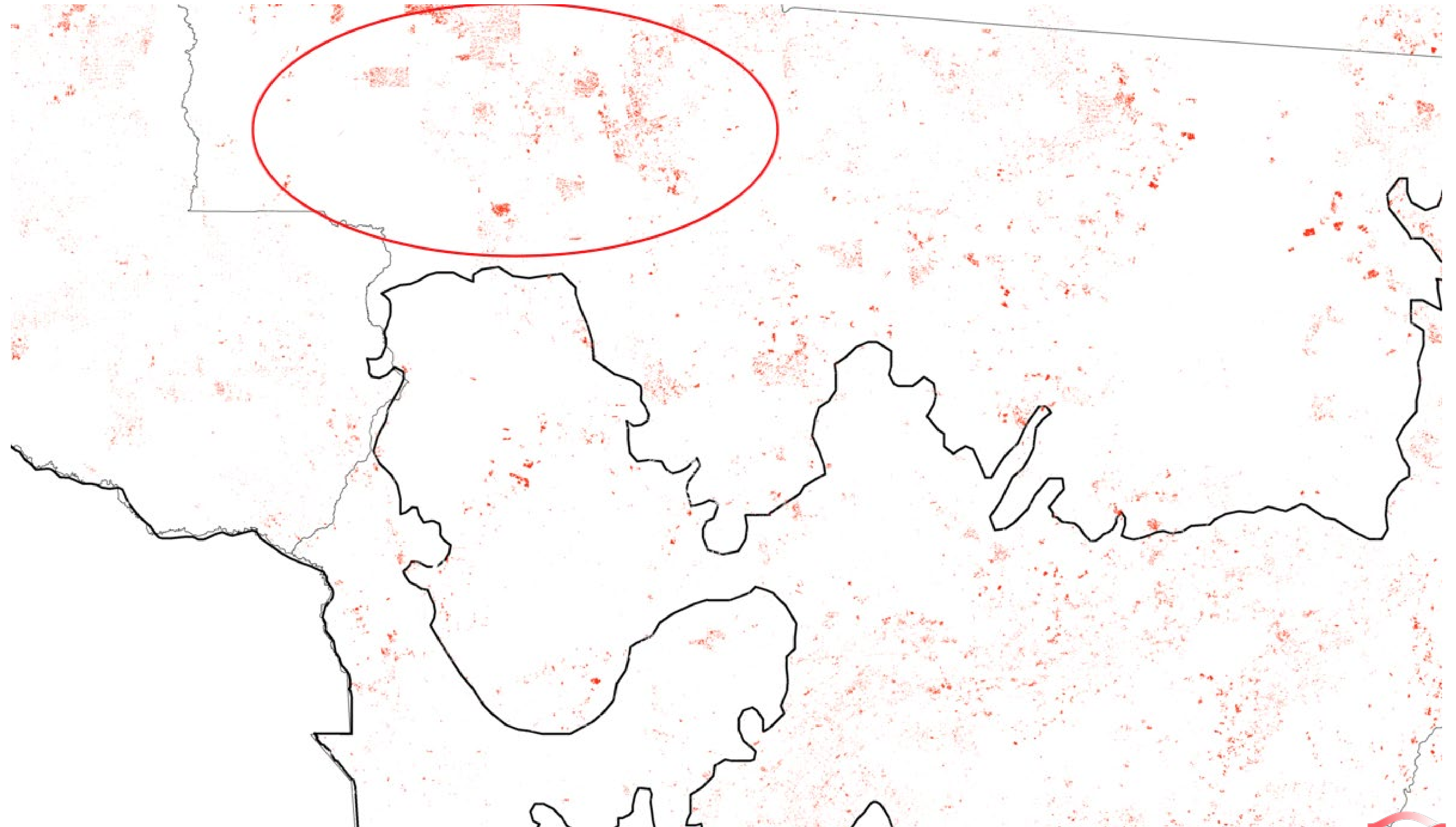
Soy expansion as an indirect driver of deforestation

Expansion of
soy 2008-2017



Soy expansion as an indirect driver of deforestation

Deforestation from
pasture expansion
2008-2017



2

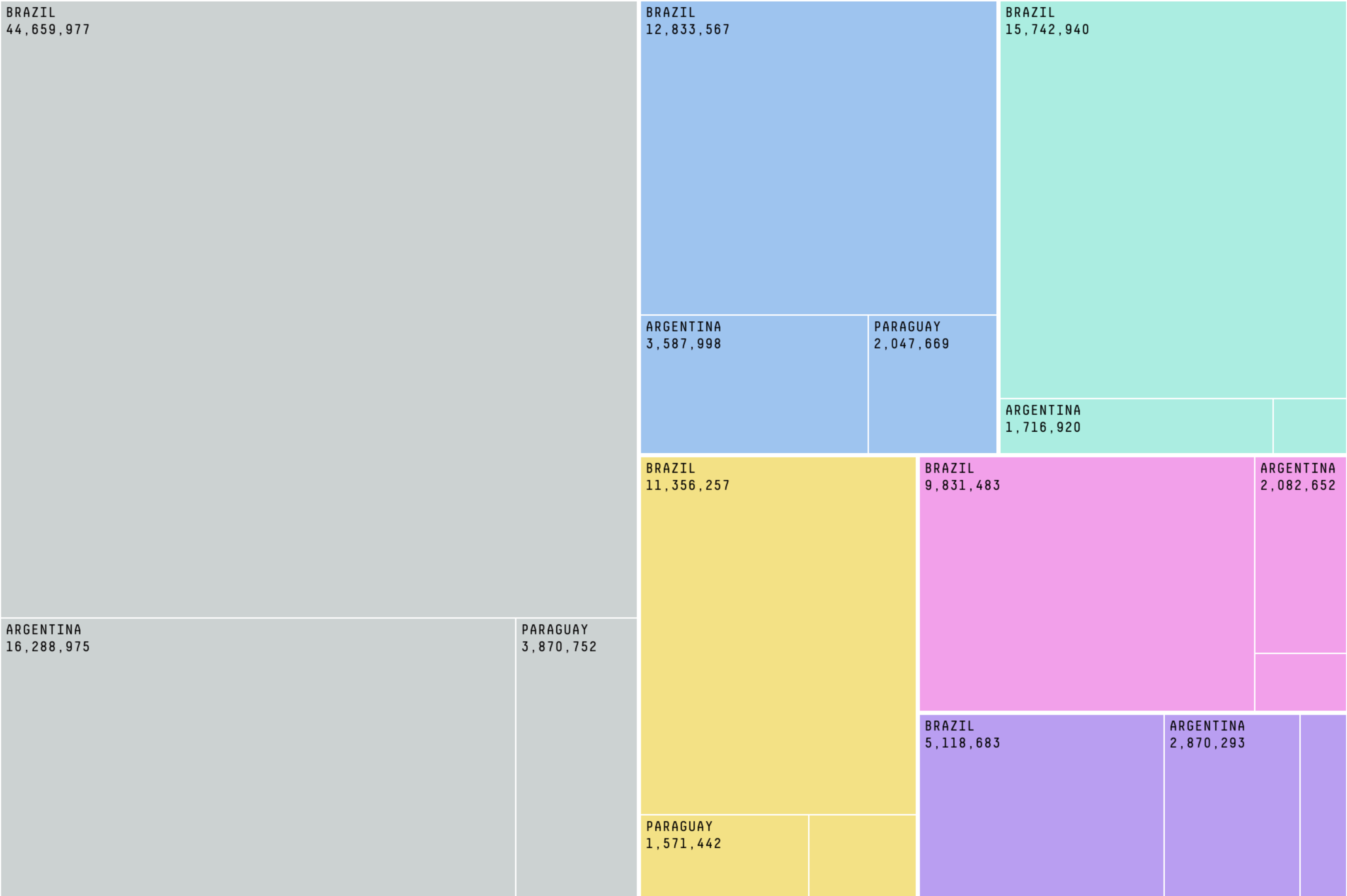
Forest risk commodity
markets



Trader dominance

50-70% of soy from Brazil, Argentina, and Paraguay, beef from Brazil and Paraguay and palm oil from Indonesia is handled by 5 companies

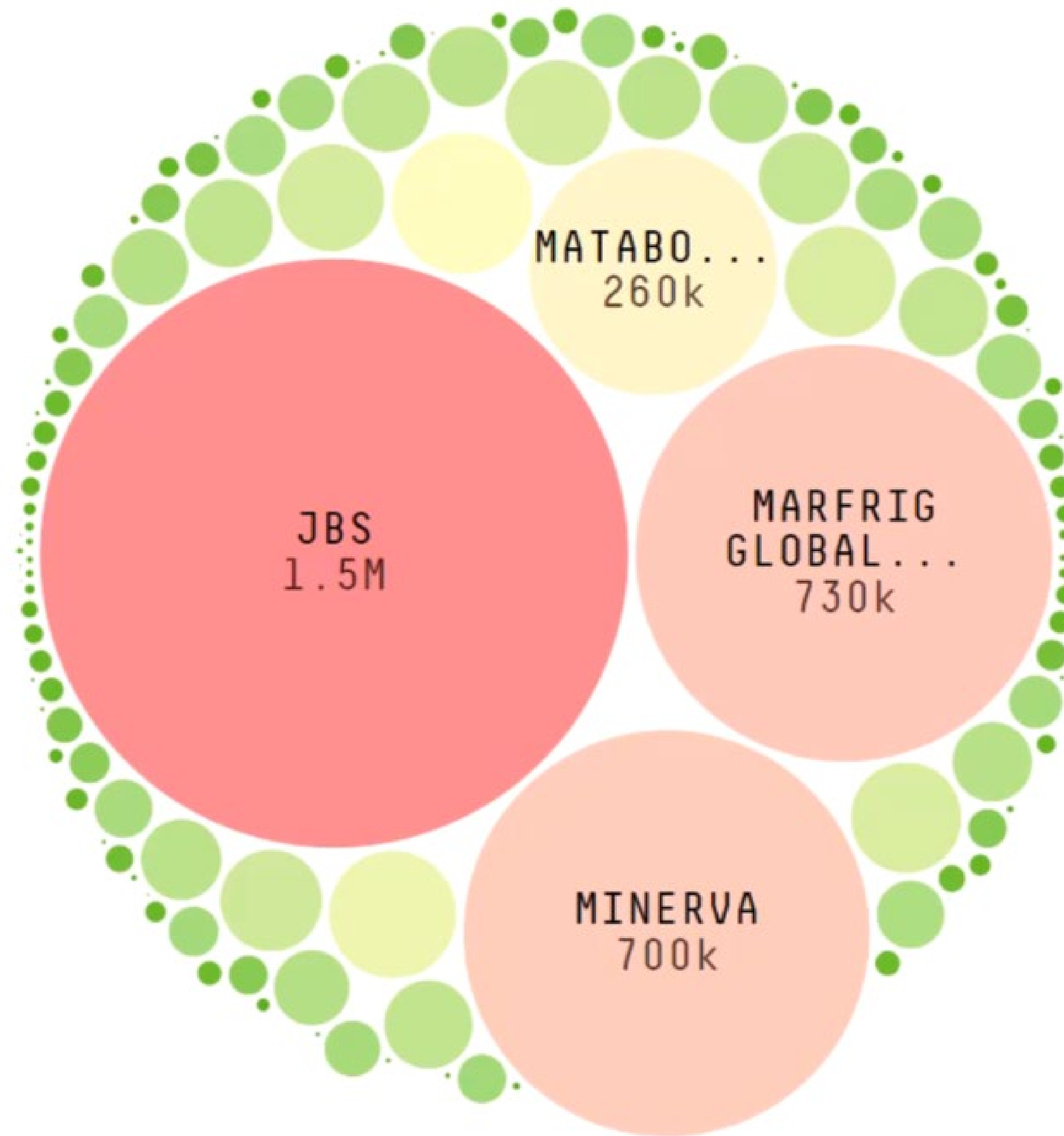
- OTHER
- CARGILL
- BUNGE
- ADM
- LOUIS DREYFUS
- COFCO



Market share and deforestation risk

Market share of dominant trading companies is typically proportionate to their share of deforestation risk

But smaller traders can have disproportionate impacts



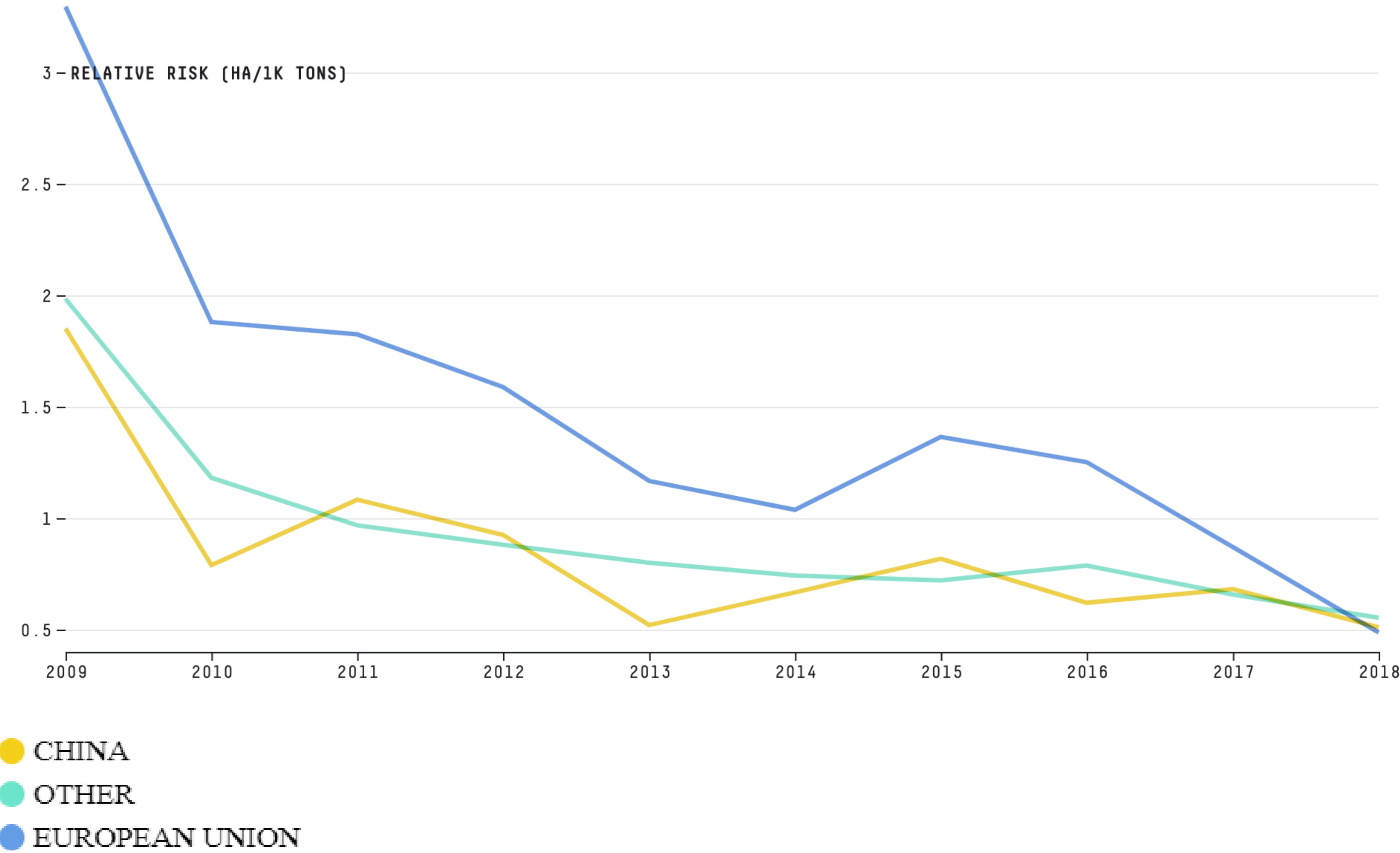
Market dominance

China is quickly pulling ahead of the EU as the main market for forest-risk commodities



Market dominance

Yet over the last decade the deforestation risk of Brazilian soy exports to the EU was double that of exports to China



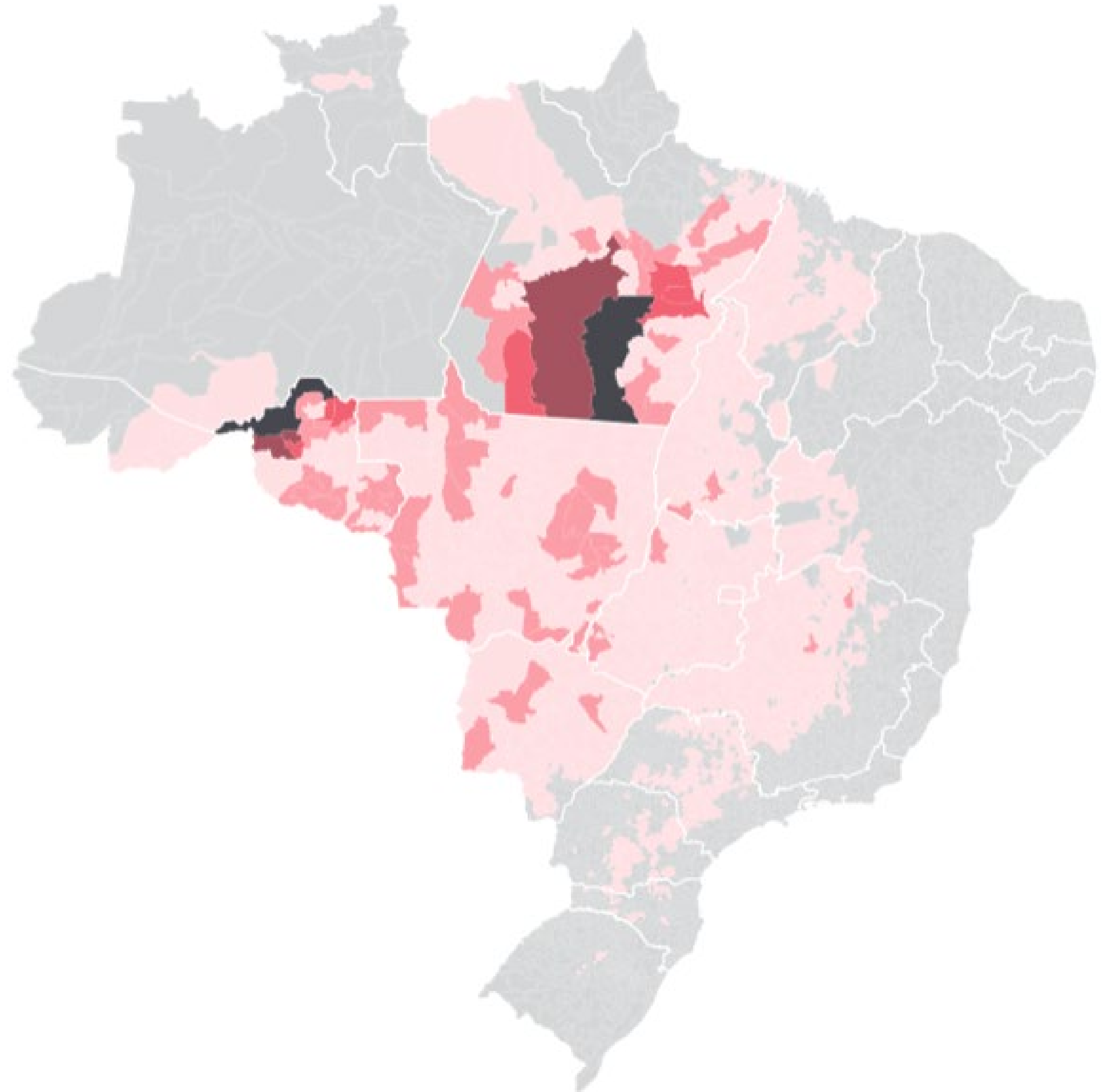
3

Hotspots and risk in
commodity supply chains



Sourcing matters for determining impact

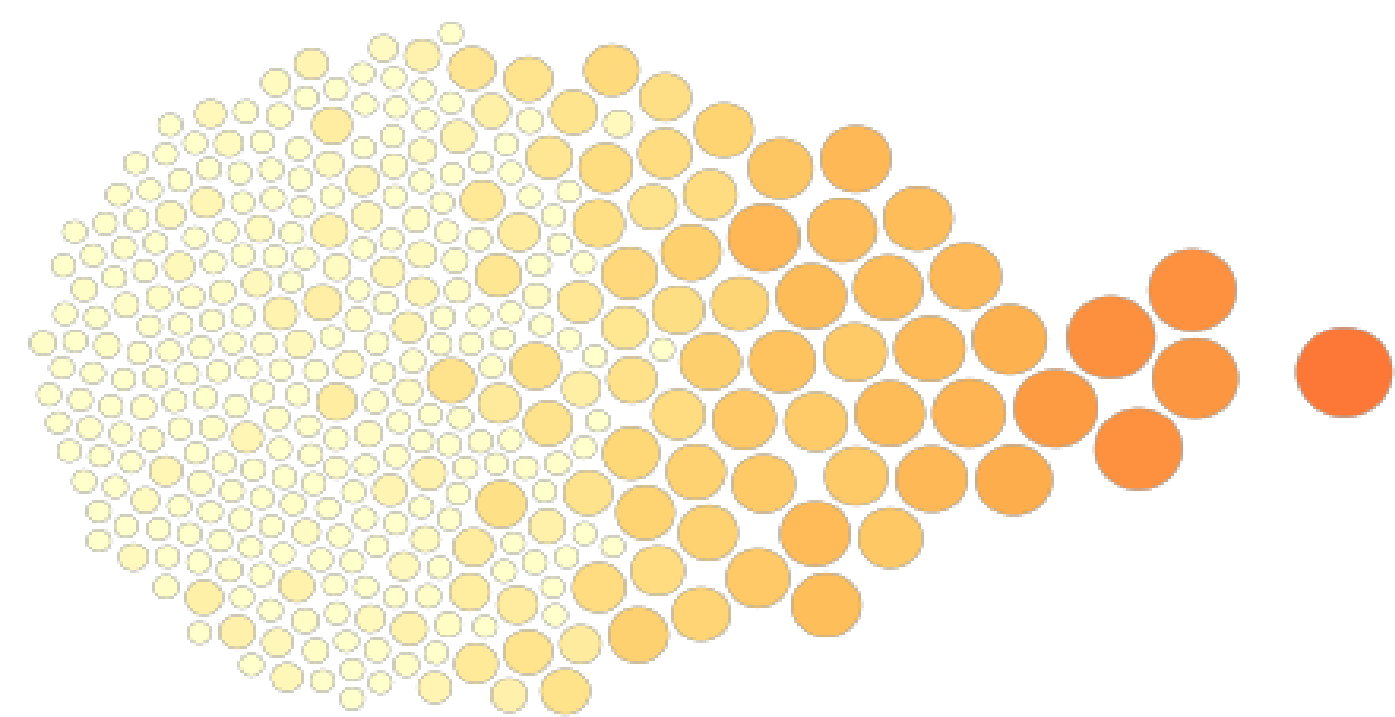
Sourcing of soy, beef and palm from highest risk areas associated with up to **10 times** average carbon emissions



Hotspots of risk exposure

>50% deforestation risk
linked to exports happens
in <5% of regions

BRAZILIAN BEEF
2% OF 2803 MUNICIPALITIES



LESS ←

DEFORESTATION RISK

→ MORE



Hotspots of risk exposure

>50% deforestation risk
linked to exports happens
in <5% of regions

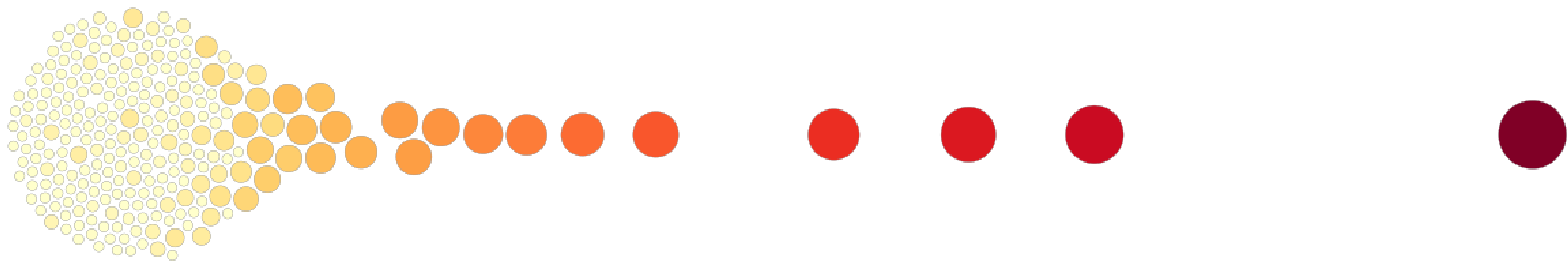
INDONESIAN PALM OIL
6% OF 249 KABUPATEN



Hotspots of risk exposure

>50% deforestation risk
linked to exports happens
in <5% of regions

BRAZILIAN SOY
1% OF 2308 MUNICIPALITIES



LESS ←

DEFORESTATION RISK

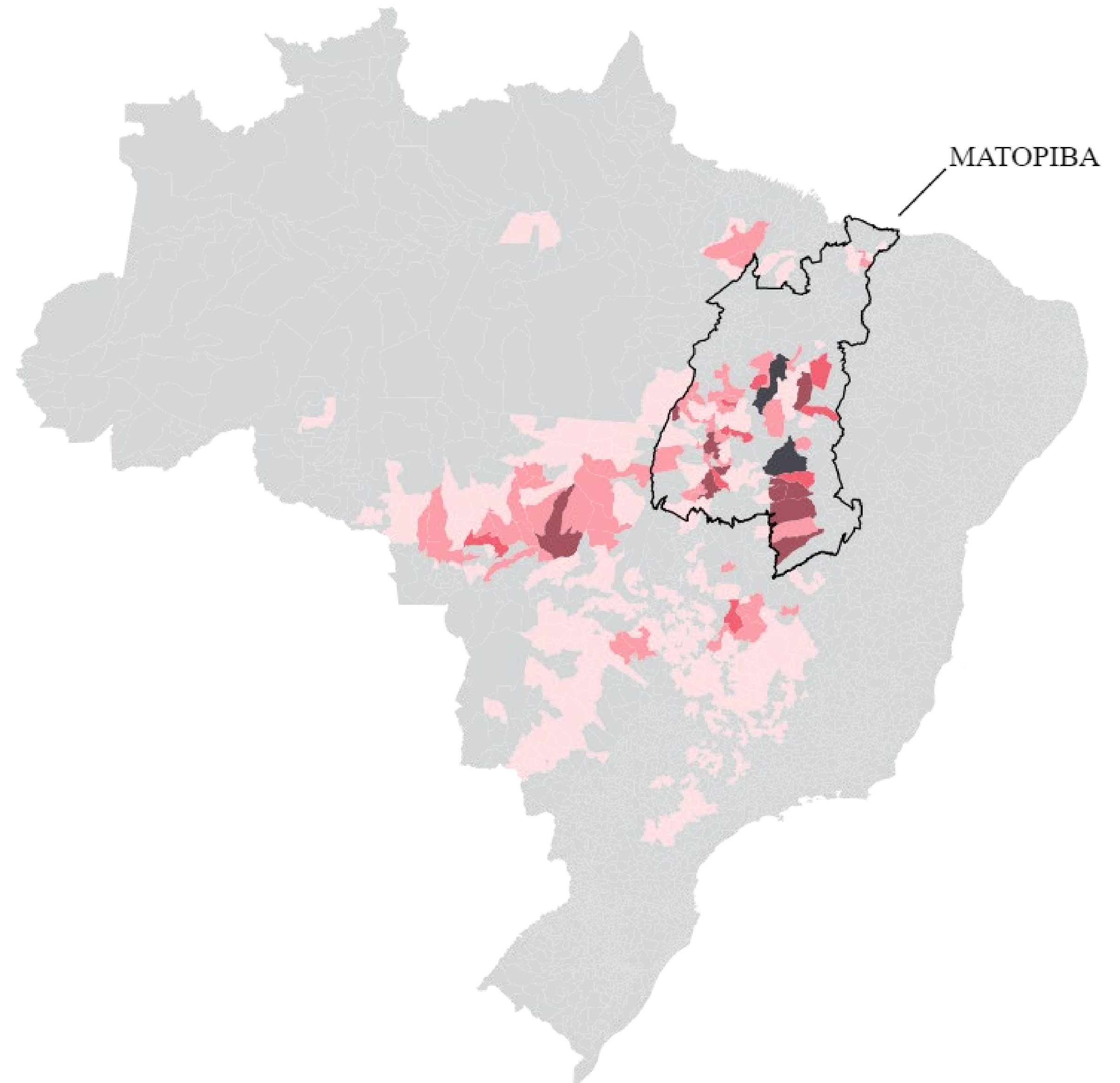
→ MORE



High risk regions contribute far more risk than supply

In 2018 Matopiba represented 77% of China's deforestation risk from Brazilian soy, but only 9% of supply

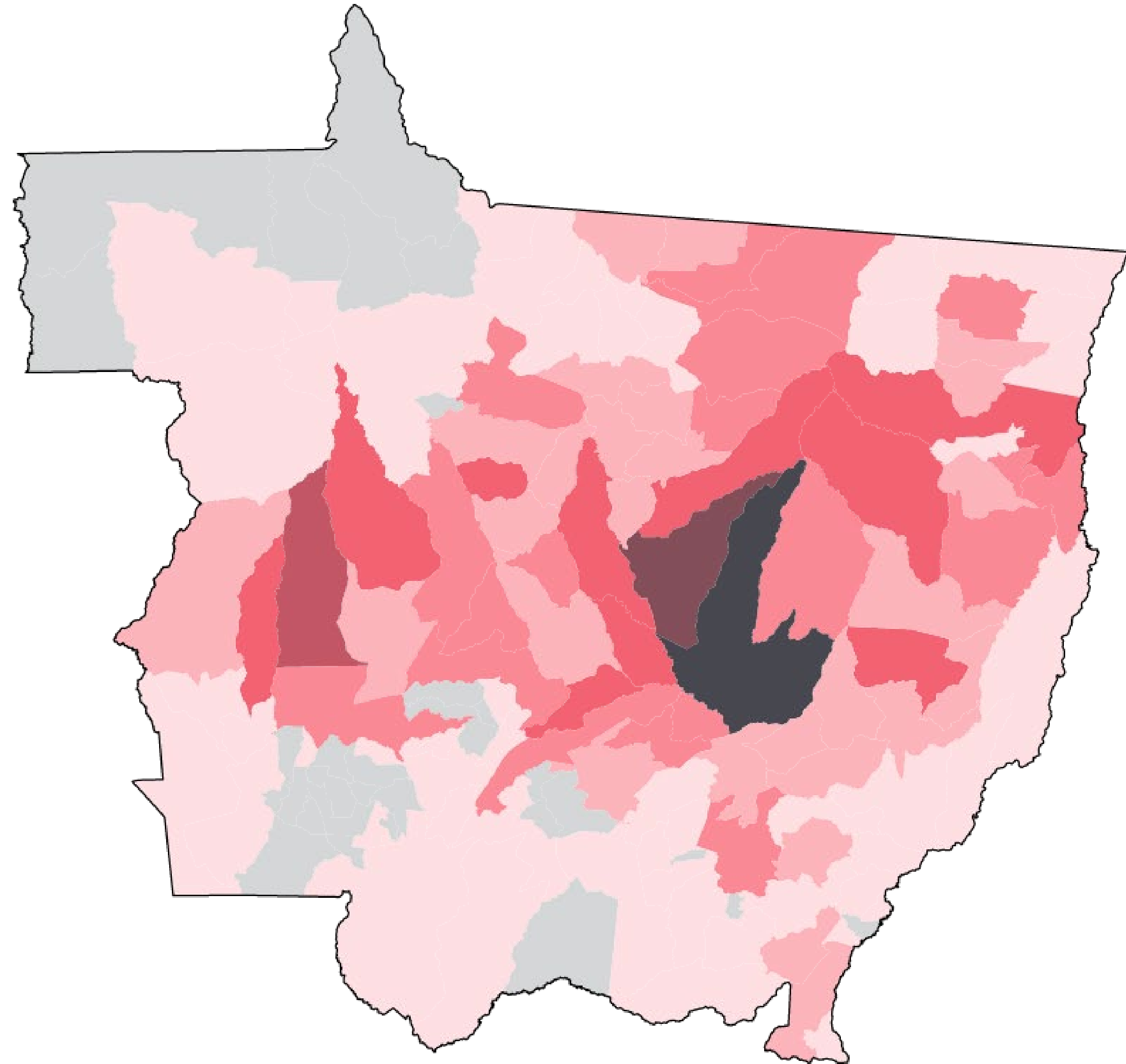
And 61% of EU's risk but only 7% of supply



Concentration of risk in specific farms

Over half illegal deforestation on soy farms in Mato Grosso between 2012-2017 happened in 15 municipalities

80% took place on 400 (2% of farms)



Concentration of risk in specific commodities

1000x

DEFORESTATION RISK OF BRAZILIAN BEEF EXPORTS IS 1000X MORE PER TONNE THAN CHICKEN EXPORTS

5x

LIVE CATTLE EXPORTS LINKED TO 5X DEFORESTATION RISK OF FRESH MEAT EXPORT

9x

PARAGUAYAN BEEF EXPORTS LINKED TO 9X DEFORESTATION RISK AS BEEF EXPORTS FROM THE BRAZILIAN AMAZON



4

Zero deforestation
commitments

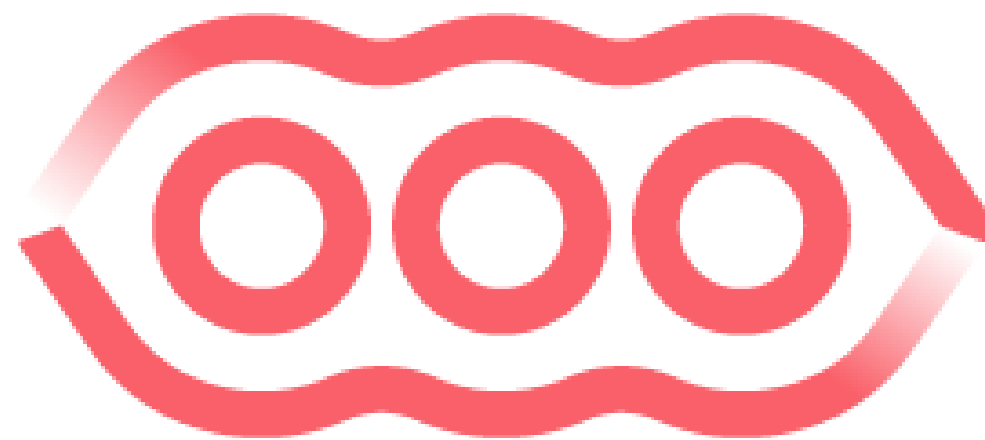
OUR FUTURE



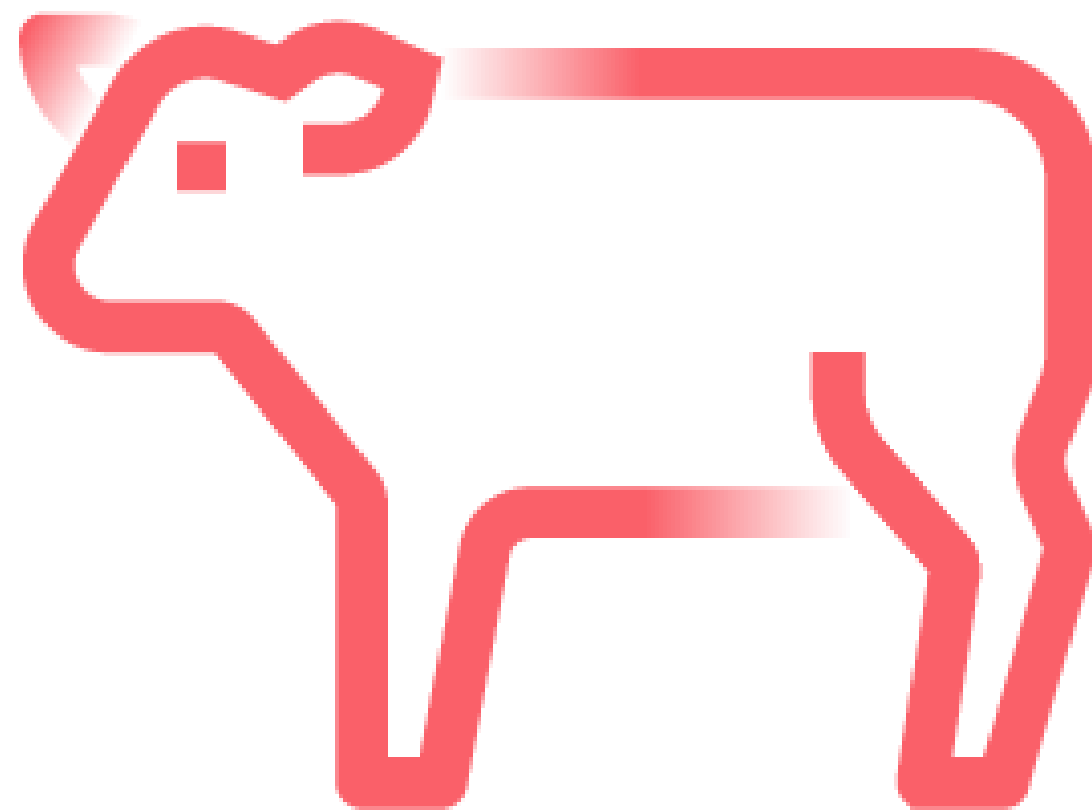
Coverage of zero-deforestation commitments is increasing but significant gaps remain



81% **INDONESIAN PALM OIL**



59% **BRAZILIAN SOY**
58% **ARGENTINIAN SOY**
64% **PARAGUAYAN SOY**



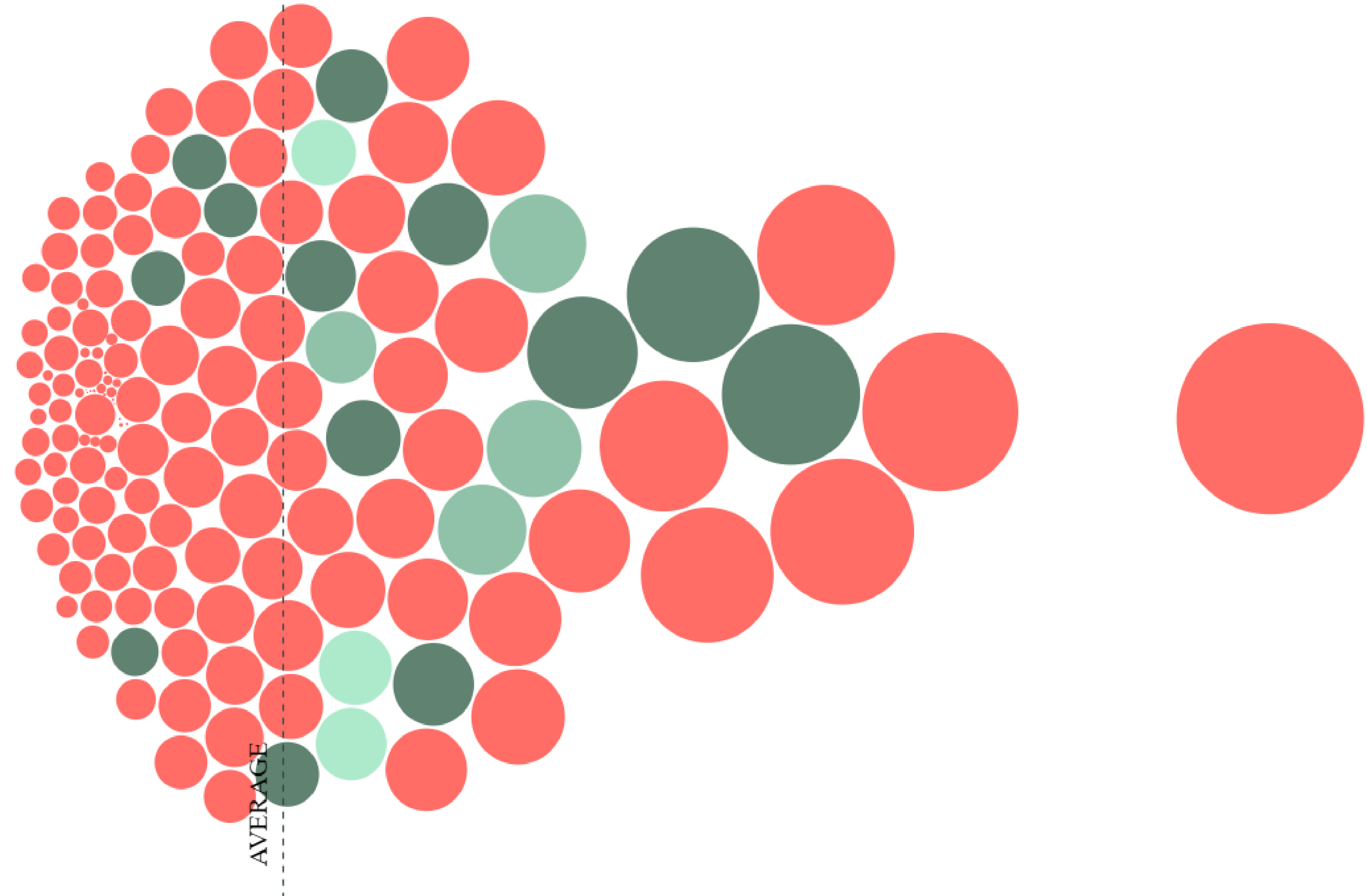
32% **BRAZILIAN BEEF**
0% **PARAGUAYAN BEEF**



Companies with highest risk exposure per tonne often lack commitments

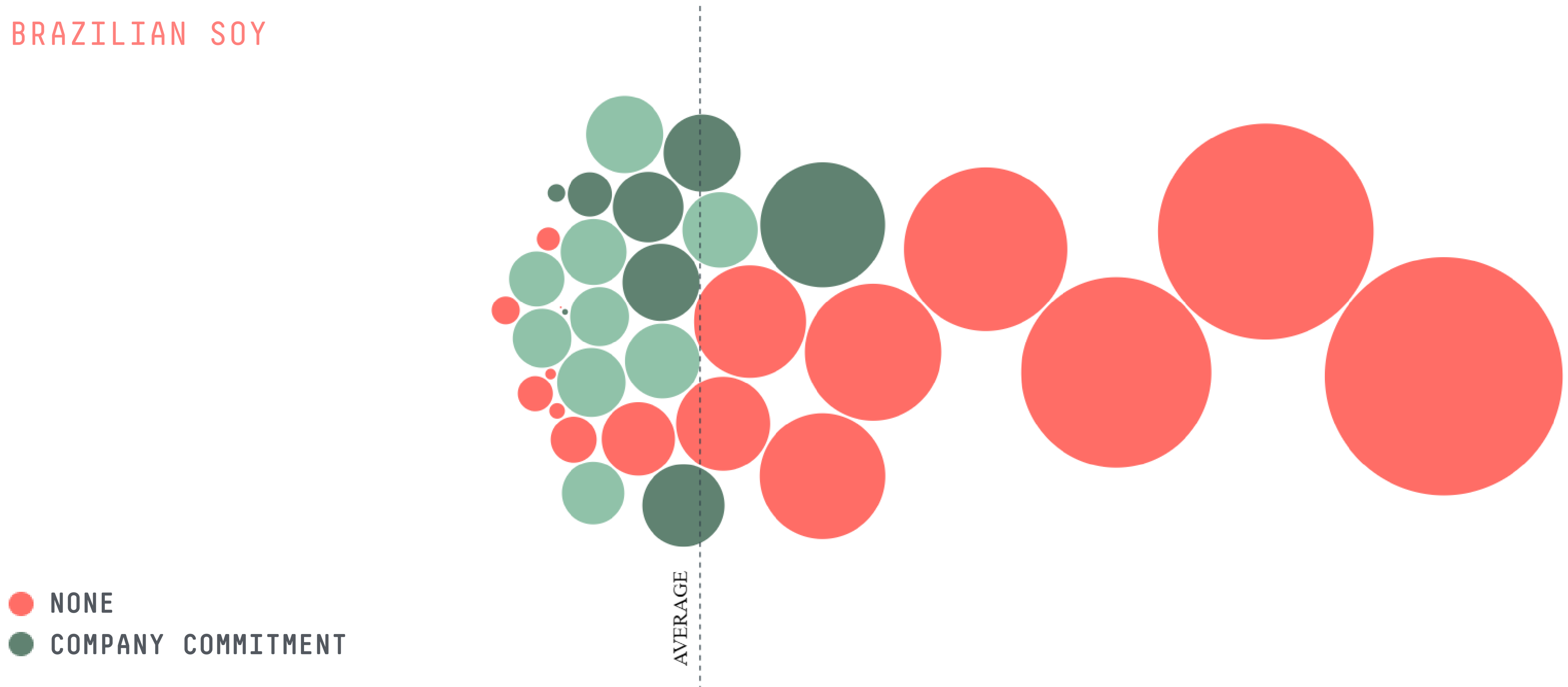
BRAZILIAN BEEF

● NONE
● COMPANY COMMITMENT



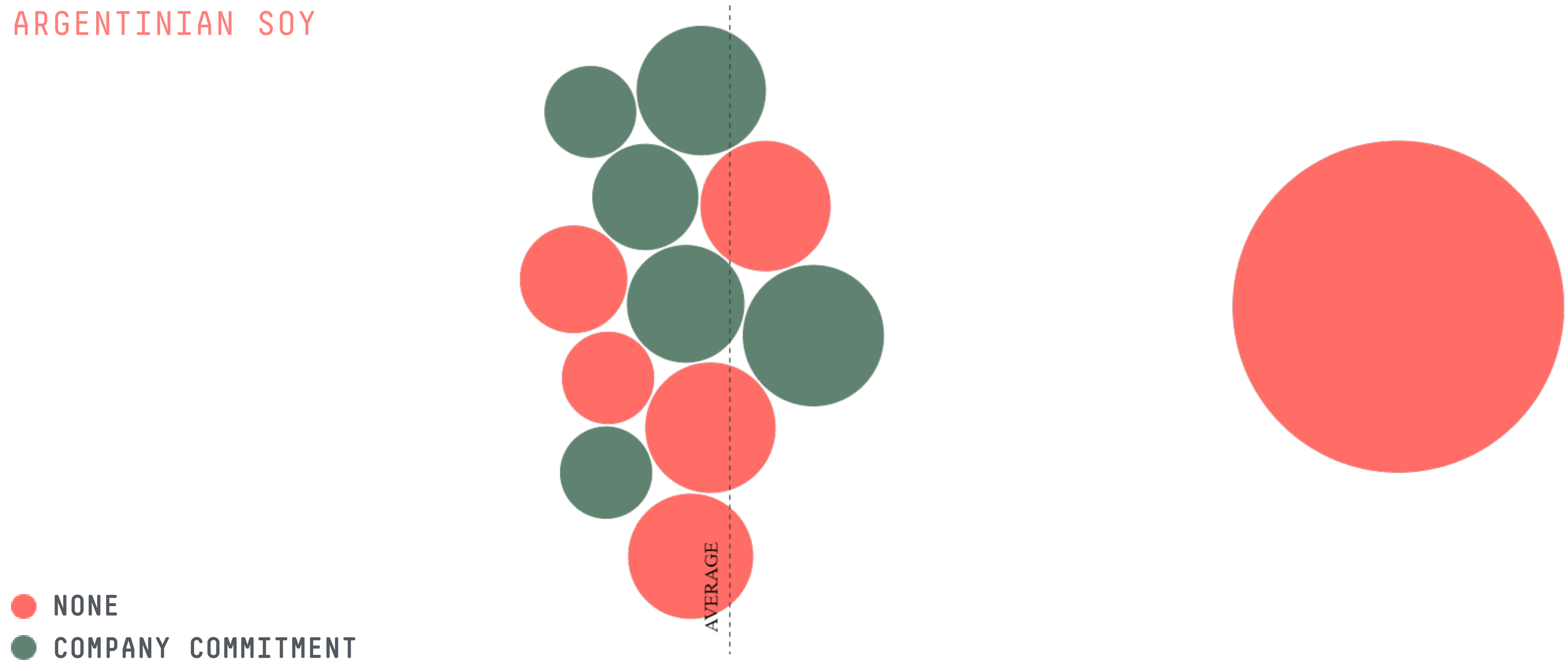
Gaps in adoption in specific biomes, countries and companies

BRAZILIAN SOY



Gaps in adoption in specific biomes, countries and companies

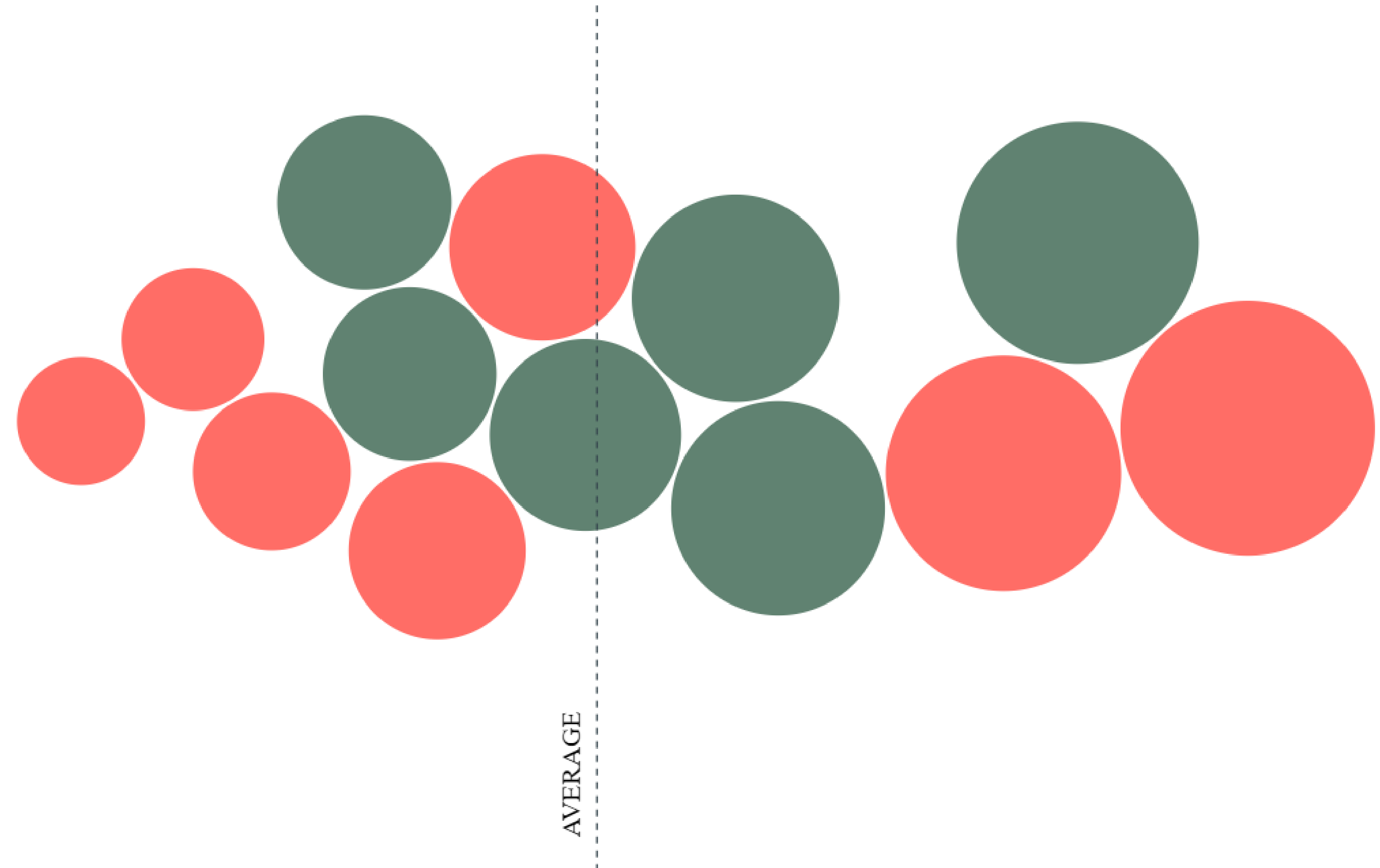
ARGENTINIAN SOY



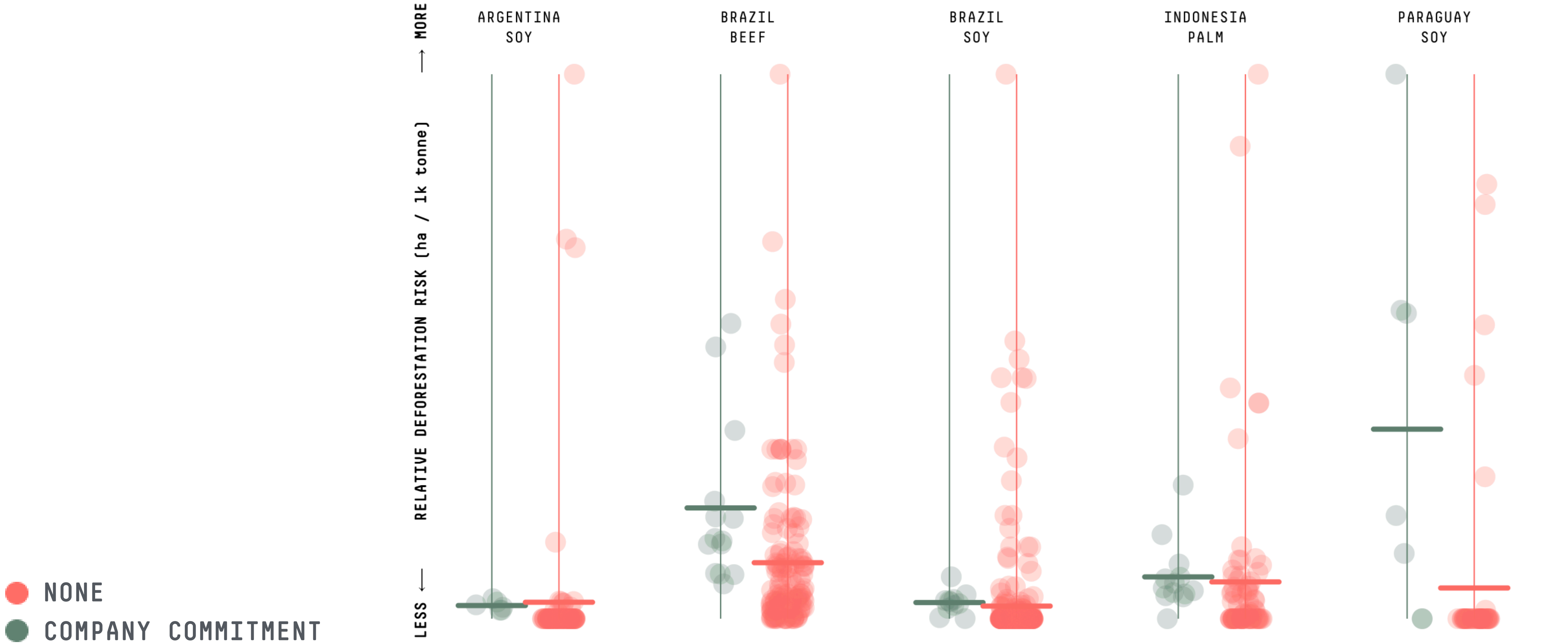
Gaps in adoption in specific biomes, countries and companies

PARAGUAYAN SOY

● NONE
● COMPANY COMMITMENT

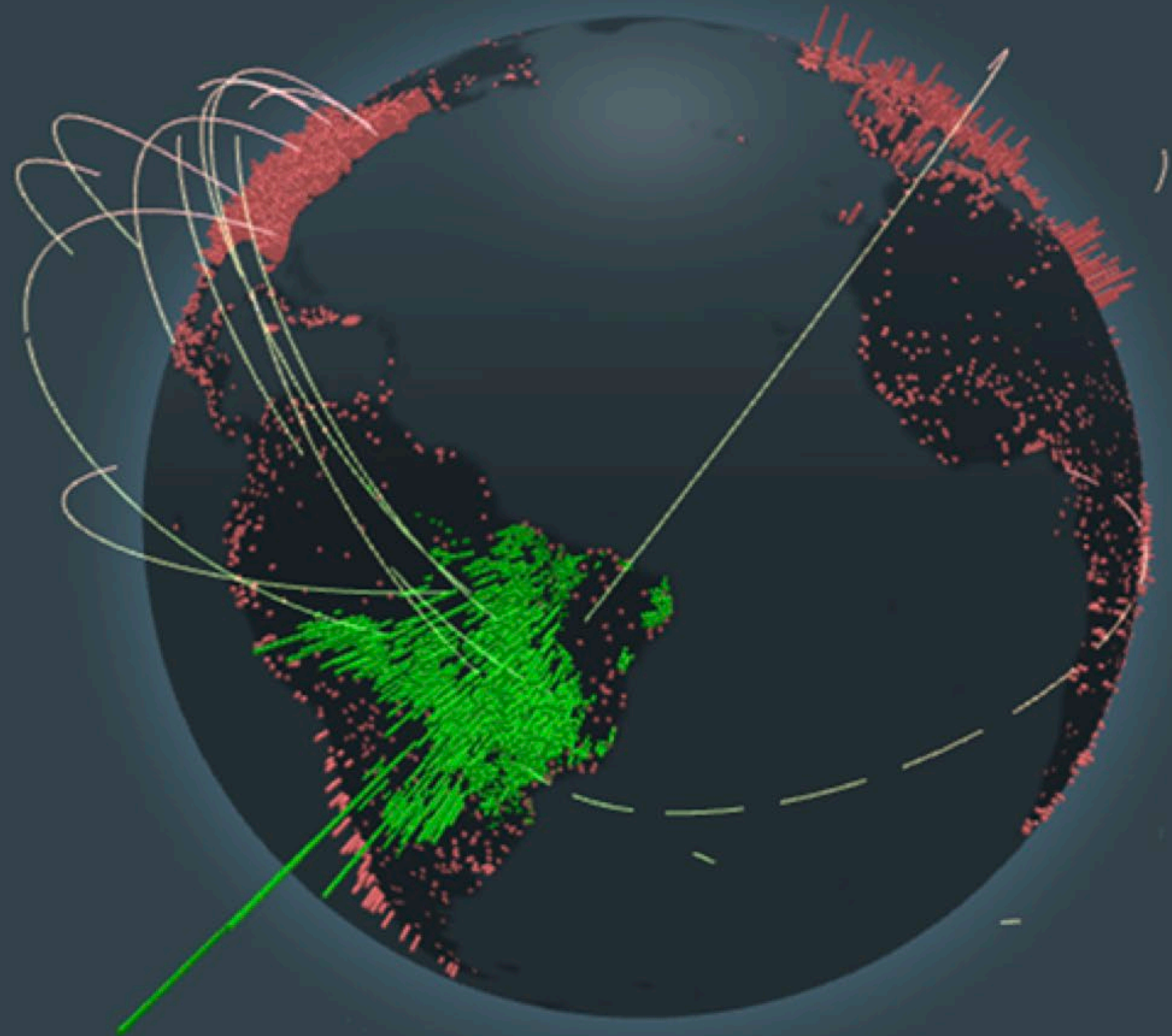


No clear difference in risk exposure of committed and non-committed companies (yet)



Explore the Yearbook at trase.earth

Trase provides entry points for action, catalyzing and directing enforcement, investment and engagement where it is needed the most.



Thank you!



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PARTNERS



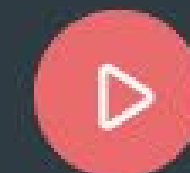
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