Soy is one of Brazil’s most important and profitable agricultural commodities, used both as a protein feed and as an energy crop. The soy industry generates income and jobs, contributing to the country’s economic growth, but soy production is also associated with negative social and environmental impacts.

More than half of Brazilian soy is grown in the Cerrado, where soy expanded by 9.5 million hectares between 2000 and 2017. Almost one third of this came from native vegetation clearance, primarily in the region known as Matopiba.

While attention has been given to the role of global demand in driving the expansion of Brazilian soy and the related deforestation, there has been less focus on the Brazilian domestic soy market.

Nearly 40 percent of the soy produced in Brazil is crushed domestically mainly for animal feed and for biodiesel. Some of the products are then exported (see figure below).

Overall, 30% of the soy produced in Brazil remained in the domestic market in 2016.

### Key findings

- **In the Cerrado**, we find that almost 40% of the soy produced in the municipalities with the highest rates of deforestation was used in the domestic market in 2016.
- **In Matopiba**, an agriculture frontier where soy expansion has been recently linked to native vegetation clearance, a third of the 2016 soy harvest was consumed in Brazil.

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**Soy production and use in Brazil (not including storage, waste, and seeds). Source: Abiove - 2017 Harvest**
The domestic soy supply chain

Soy processing
After harvest, soy is either stored on the farm or transported to warehouses and processing facilities owned either by cooperatives or by private grain, food and fuel companies before crushing.

Soy crushing capacity in Brazil
40% of Brazil’s crushing capacity is found in the south of Brazil.

57% of crushing capacity is found in the Cerrado where recent native vegetation clearance has been linked to soy expansion.

Where is soy used?

Meat production

16.3 million tons of soy meal stayed in the domestic market

15 million (92%) tons of soy meal were used for animal feed in Brazil

53% animal feed for chickens
(7.8 mt)

24% animal feed for pigs
(3.6 mt)

12% animal feed for cattle (beef & dairy)
(1.9 mt)

6 billion chickens were slaughtered in Brazil

43 million pigs were slaughtered in Brazil

39 million cows were slaughtered in Brazil

66% of chicken went to the domestic market

80% of pork went to the domestic market

80% of beef went to the domestic market


Biodiesel

4.3 billion litres of biodiesel were produced in Brazil in 2017

95% of biodiesel was sold on the domestic market

3.1 billion litres of soybean oil were used for biodiesel production

Which companies operate in the domestic market?

**Soy processors – crushing capacity**

The top seven companies (Bunge, Cargill, ADM, Granol, Caramuru, Comigo, and IMCOPA) account for 50% of all the soy crushing capacity in Brazil.

Only five companies (in green) have zero deforestation commitments which apply to all regions in Brazil, including the Cerrado.

Nearly 50% of the soy crushing capacity in the Cerrado is owned by companies without any commitments to eliminate deforestation from all their supply chains.

Source: Trase, 2018 (unpublished) based on Hinrichsen and Ary Oleofar capacity estimations.

**Meat production (% sales)**

The meat production sector (including chicken, pork, and beef) is dominated by a few companies. JBS accounts for nearly 70% of meat sales. The three top companies combined (JBS, BRF, and Marfrig) represent approximately 90% of sales.

None of these companies have made commitments to not purchase soy from deforested areas in the Cerrado.

Source: Market Research, 2016

**Biodiesel producers — volume of production**

The biodiesel production market is more fragmented in comparison.

Over 70% of Brazil’s biodiesel is produced from soybean oil. The largest producers have their own soy crushing facilities.

Three companies (in green) have commitments not to purchase soy from deforested areas in the Cerrado. Their combined output represents 18% of biodiesel production in Brazil.

Source: Agency of Petroleum, Natural Gas and Biofuels (ANP), 2017
Deforestation risks linked to the domestic soy market

Over 20% of all the native vegetation clearance in the Cerrado in 2017 was in just 20 municipalities (out of 1387 municipalities in the Cerrado). Sixteen of the 20 municipalities are in Matopiba.

Analysis of the domestic market in 2016 indicates that:

- 40% of the soy produced in these municipalities went to the domestic market.
- A third of the soy produced in Matopiba in 2016 was consumed in Brazil.
- At least four crushing facilities (in red) operate in areas of high deforestation.

The top 20 municipalities (see numbers on the map and chart below) with the highest deforestation rates in the Cerrado highlighting soy crushing facilities.

Action needed

Companies supplying the domestic market must address deforestation risks by:

- introducing and implementing deforestation commitments that cover all types of vegetation;
- introducing systems to verify that these commitments are being implemented;
- and introducing reporting systems to show that their commitments are being implemented.

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1 Agrosatélite, 2018.
2 Trase.earth
3 Prodes Cerrado, 2018
4 We used Trase data to assess the soy trade within the domestic market. To explore more see Trase.earth.
5 These volumes may change for different years. See methods on Trase.earth.