

Terms of Reference

Scoping Study: Sustainable Agricultural Commodities Markets in China

1. Background

IDH The Sustainable Trade Initiative is a Foundation convening companies, CSOs, governments and others in public-private partnerships. Through its partnerships, IDH aims to drive sustainability from niche to norm in mainstream markets, delivering impact on the Sustainable Development Goals. We focus on creating positive impact on deforestation, living incomes and living wages, working conditions and gender.

This assignment focuses on markets for major deforestation-related agricultural commodities (palm oil, soy, tropical timber and beef). In Europe, IDH has convened private and public stakeholders to increase the share of sustainably produced commodities on the market. With the lessons learned in Europe, IDH is now expanding its sustainable markets activities to major markets outside Europe, particularly China and India.

2. Scope and objective of this assignment

China is a major market for deforestation-related agricultural commodities. With major emerging economies India, Brazil and Indonesia, it is currently accounting for around 40% of global demand for palm oil, soy, tropical timber and beef¹, and set to increase its market share over the coming years. China has become a world leader in unprocessed timber imports (17.7% of total)², being one of the largest furniture suppliers to the global market and having an increasing domestic market. The share of global raw soybean imports that ends up in China is forecast to increase from 62% in 2015 to 67% by 2025.

The role that the Chinese market has in efforts to halt deforestation globally can therefore not be understated.

The demand for sustainably produced commodities in China is however very low. The Chinese market is characterized by low consumer awareness and consumer pressure on food sustainability issues. At the same time, sustainability awareness as demonstrated in the media, official government documents and consumer surveys is increasing. In industry there are also signs of transformation with COFCO, a major Chinese trader in agricultural commodities, recently confirming its commitment to deforestation-free soy supply chains³. These efforts are however yet to translate into significant market shares for sustainably produced commodities.

¹ TFA2020: [Emerging Market Consumers and Deforestation: Risks and Opportunities of growing demand](#)

² Carnegie Center <https://carnegie.ru/commentary/77200>

³ See <https://www.cofcointernational.com/newsroom/jun-lyu-we-can-feed-the-world-in-a-sustainable-way-but-we-need-to-act-now/>

Various studies have been carried out to better understand the barriers to transform this market, and the interventions that could be made by both public and private sector actors⁴. The task is now to create effective multi-stakeholder platforms, action networks and /or trade deals that bring together these fledgling initiatives and leverage on them to transform the mainstream markets. Such an effort requires broad-based support and the empowerment of the right actors to implement market-transforming interventions.

The objective of this assignment is therefore to map the Chinese market for deforestation-related agricultural commodities (palm oil, soy, tropical timber and beef) in terms of stakeholders and their potential role in transforming the market.

3. Specific tasks

The consultant is expected to carry out the following tasks:

1. A synthesis of **market intelligence and trends**, detailing how the supply chains of soy/beef/palm oil/tropical timber towards and in China look like (where does it come from, how is it traded, whom uses it), listing major traders, users and end-buyers (retail, brand) for each of the selected commodities with their market shares, leverage over the supply chain (power position) as well as trends in demand;
2. A synthesis of **market finance**, explaining how the supply chains for soy/beef/tropical timber and palm oil are financed, detailing major players, types of finance (government, private sector, other), leverage of largest players and trends in finance
3. A synthesis of **ownership and control in key players**, detailing whom owns the key players in the private, financial and government run sectors. This can be government entities, families, FDI, etc;
4. A synthesis of private and financial sector **sustainability commitments**, detailing priorities, scope of commitments, market coverage, trends
5. An in-depth review of **Government policies, subsidies/finance, plans and regulations** relevant to the selected commodities in terms of market transformation and related national and global commitment on Sustainable Development (climate, forest, land-degradation, land-use, etc). The study will also identify relevant bilateral trade agreements and other trade initiatives by the Chinese Government (such as the Belt and Road Initiative). This includes a review of the roles and responsibilities of different Government entities and their decision-making power in enacting interventions in the markets and for example trade policies and treaties;
6. An overview of **current initiatives aimed at or linked to sustainable market transformation**, describing their stakeholders, objectives and achievements to date, including civil society, industry and government-based initiatives;
7. A **combined mapping of stakeholders**, their potential, the likelihood of becoming agents of change in driving sustainable market transformation. Combined with this, an analysis to determine where the leverage per individual (soy/beef/palm oil/tropical timber) supply chain sits (with whom do we need to work), what interventions might work.

⁴ See for instance [TFA2020](#) and [CDP](#)

4. Deliverables and timeline

Below is the timeline for this assignment with deliverables:

Timeline	
What	When
Kick-off meeting	18 April 2019
Running updates	Every 2 weeks
Draft report	24 May 2019
Final report	7 June 2019

The final report is expected to be between 30 and 50 pages and will not be published.

5. Method of work

The consultant is expected to carry out this work through interviews with relevant stakeholders and desk research. While IDH will provide some contacts, the consultant is expected to largely use their own network and connections. Regular calls will be held between IDH and the consultant, and the consultant is expected to provide written updates every 2 weeks.

6. Consultant profile

For this assignment, IDH is looking for an independent and credible consultant (individual or team) with the following profile:

Experience	<ul style="list-style-type: none"> Relevant network in China, both in public and private sector Experience working with actors in deforestation risk commodity supply chains Experience with stakeholder mapping Experience with engaging different types of stakeholders in both public and private sectors
People	<ul style="list-style-type: none"> Working knowledge of one or more major Chinese languages Good English verbal and written skills Strong analytical skills A track record of similar work and previous working experience

7. Submission of proposals

Please send a proposal (maximum 10 pages), including a proposed approach, timeline and budget, before COB April 8th, 2019 to Guido Rutten via rutten@idhtrade.org. Any inquiries can also be directed to this email address.