

Proinde Circular 24-03-2026: Brazil—China: Soya Bean Exports Recover Amid Stricter Phytosanitary Controls

Soya bean exports are gradually stabilising following a wave of phytosanitary violations that triggered facility suspensions and a ‘zero-tolerance’ policy, throwing port logistics into disarray at the height of the export season

Background

Oilseed Market Significance

Brazil remains the world’s foremost soya bean supplier, accounting for nearly 60% of global trade in the oilseed. It is the nation’s single largest export commodity by revenue – critical to sustaining a positive trade balance – and the most exported seaborne commodity by gross weight, second only to iron ore.

Brazilian soya beans production & exports

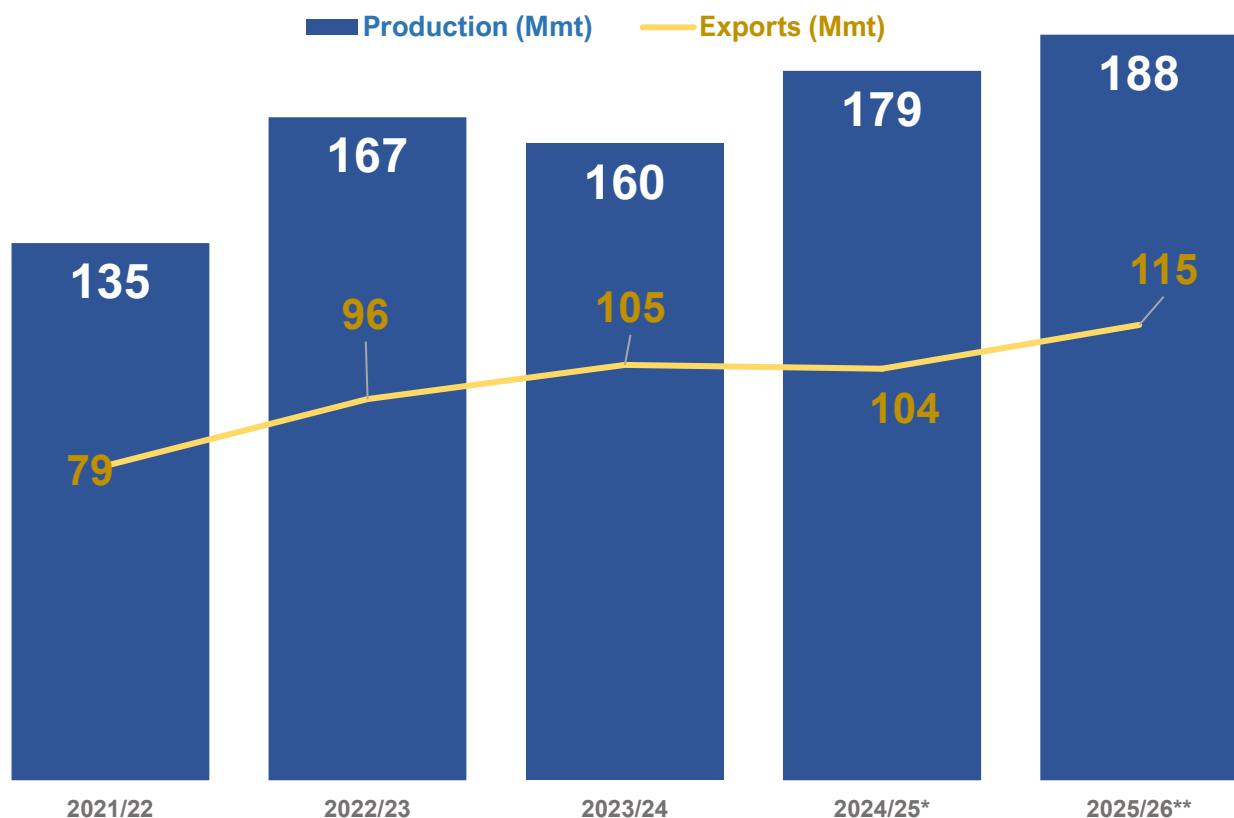


Figure 1: Soya bean production and exports in marketing years (in million m/t). *estimated; **projected. Source: FAS/USDA

Brazil-China Soya Bean Trade

The Brazil—China soya bean corridor is a cornerstone of the Brazilian economy, with China firmly entrenched as an indispensable trading partner. In 2025, Brazil exported a record 108 million tonnes (Mmt) of the oilseed, a striking 85.1 Mmt (68%) of which was bound for Chinese ports alone.

Share of Brazilian soya bean exports to China

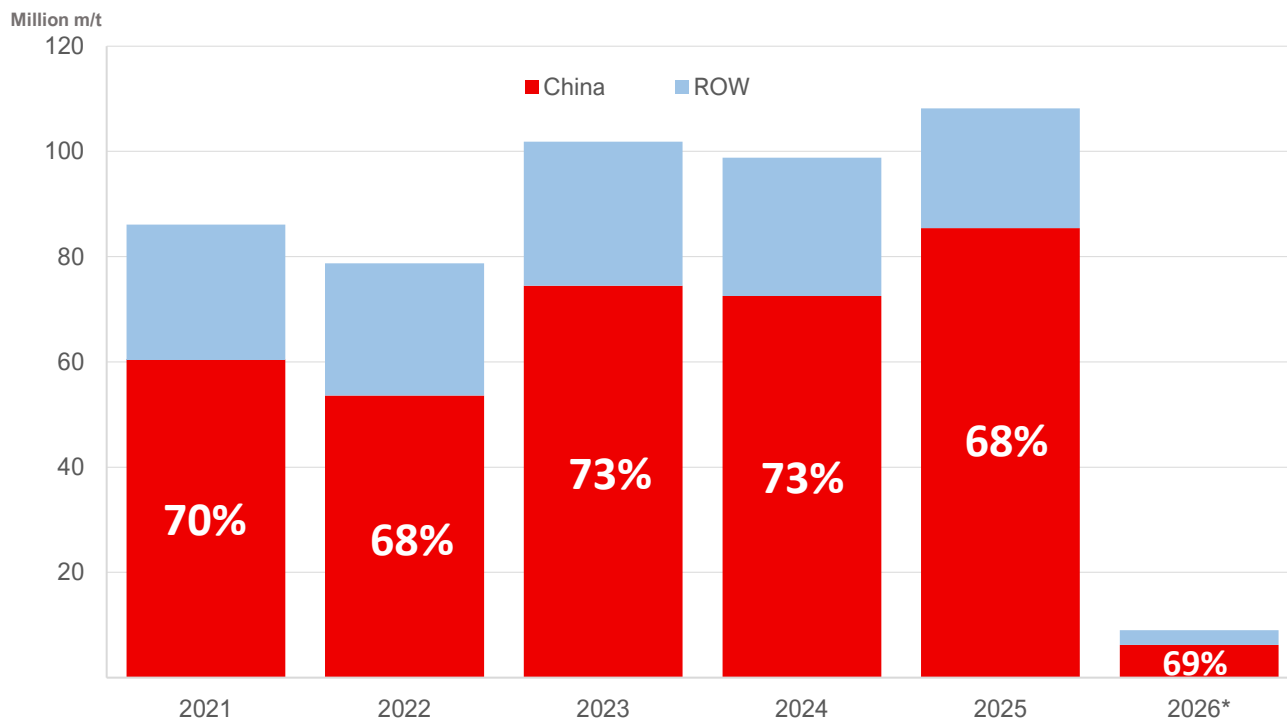


Figure 2: Share of Brazilian soya bean exports to China and the rest of the world in calendar years (in million m/t). *Jan/Feb 2026. Source: MDIC/ComexStat

Phytosanitary Violations

Contamination and Facility Suspensions

Despite record exports in the previous cycle, the General Administration of Customs of China (GACC) has progressively intensified the phytosanitary scrutiny of incoming Brazilian soya bean shipments, which it claims are arriving with high levels of foreign matter. The escalating GACC enforcement actions reached a peak at the end of last year, when shipments carrying phytosanitary violations were intercepted. These included ten tonnes of wheat treated with banned pesticides, deemed toxic and unfit for human or animal consumption. The breach was further compounded by the fact that Brazilian wheat is not currently authorised for export to China. These violations prompted the temporary suspension of the licences of five facilities operated by traders: Cargill (two units), Louis Dreyfus Company (LDC), CHS Agronegócio, and 3Tentos.

Heightened Phytosanitary Controls

Beyond chemical residues, Chinese authorities also reported the presence of quarantine weed seeds and live insects. The GACC requested that the Brazilian government give high priority to the safety of agricultural products destined for the Chinese market, demanding strengthened controls, reinforced oversight, and stricter phytosanitary measures. Affected traders were required to conduct internal audits, implement corrective measures, and demonstrate effective sanitary control capacity – all under the oversight of Brazil’s Ministry of Agriculture, Livestock, and Supply (MAPA) – before GACC would assess their reinstatement.

The immediate operational impact was severe, with more than 20 bulk carriers stalled and weekly export volumes plummeting from approximately 6 Mmt to just 1.5 Mmt in the first two months of 2026 – a disruption of particular consequence at the peak of Brazil’s export season.

Record Projections

Both Brazil’s National Supply Company (CONAB) and the US Department of Agriculture (USDA) forecast that Brazil will set fresh production and export records in the 2025/26 marketing year. The USDA’s latest estimates project a harvest of approximately 180 Mmt – up around 5% from the previous season’s all-time high – with exports anticipated to reach some 114 Mmt, an increase of 11% over the 2024/25 cycle.

MAPA’s Updated Inspection Framework

In response to GACC’s concerns, MAPA issued a revised directive on 13 March 2026, enforcing a stringent new sampling protocol. **Circular Letter 7/2026/DIOPEX/CGVIGIAGRO/DTEC/SDA/MAPA** outlines updated procedures for phytosanitary certification of soya bean shipments to China for immediate implementation. Key points include:

- **Perform phytosanitary inspection:** before completion of loading, a Federal Agricultural Tax Auditor (AFFA) from VIGIAGRO (MAPA’s International Agricultural Surveillance System) will conduct a physical inspection of the cargo using a consolidated (composite) sample.
- **Draw individual samples:** shipper’s superintendent companies must provide individual samples (1–3 kg) drawn from partial collections in 5,000 m/t increments; these must be sealed, labelled, and homogenised into a composite sample for inspection.
- **Conduct random sampling:** for one in every ten shipments, the AFFA will collect a specific phytosanitary sample (3–5 kg) from the general ship sample for physical certification.
- **Supervise documentation:** the AFFA will oversee cargo sampling conducted by superintendent companies and complete a Sample Collection Procedure Verification Report (RVPCA).

Bilateral Discussions

Following recent high-level discussions, Chinese authorities have acknowledged the technical impossibility of certifying the complete absence of weed seeds, given the inherent characteristics of large-scale oilseed production. The two countries have agreed on the following:

- **Abolish ‘zero-tolerance’ policies:** in a significant concession, Chinese authorities have agreed to waive the zero-tolerance policy on weed seeds in Brazilian soya bean shipments destined for domestic industrial processing, representing a pragmatic shift from a position that had proved commercially untenable.
- **Determine tolerance thresholds:** officials from both nations will continue bilateral discussions to establish the specific tolerance level for weed seeds.
- **Implement risk-based evaluations:** until a permanent threshold is set, evaluations will be governed by mitigation measures tailored to the consignment’s specific end use.
- **Certify stalled vessels:** shipments previously denied certification due to weed seeds will now be released for export, provided they meet other requirements – such as the absence of treated seeds and live insects. This move has cleared the way for dozens of stalled shipborne consignments to be released.

Sampling Responsibility

While Circular Letter 7/2026/DIOPEX/CGVIGIAGRO/DTEC/SDA/MAPA remains largely in force, MAPA revised the procedures on 20 March 2026 to reflect the easing of Chinese phytosanitary requirements. Key updates include:

- **Assign collection duties to shippers:** Samples for VIGIAGRO inspection will now be collected entirely by the shippers' superintendent companies rather than by agricultural inspectors, though VIGIAGRO will continue to collect their own samples for one in every ten shipments.
- **Retain representative samples:** the shipper's superintendent company must keep representative samples available for VIGIAGRO for a minimum of six months after shipment.

Recommendations for Carriers

Given the heightened scrutiny from Chinese customs authorities and MAPA's revised inspection framework, carriers loading soya beans in Brazil are advised to take the following precautions:

- **Prepare holds:** cargo holds, hatch covers, and coamings must be meticulously cleaned and entirely free of residues prior to loading. Even trace amounts of wheat, sorghum, or other organic matter from previous cargo risks triggering rejection by GACC.
- **Maintain barrier protection:** ensure bilge covers and unpainted surfaces are free of trapped grain dust that can harbour prohibited fungi or chemical residues.
- **Oversee loading operation:** Crews must actively monitor the loading operation for visible contaminants – including live insects, foreign weed seeds, and residues from prior cargoes – and halt loading immediately if any are identified.
- **Appoint independent surveyors:** Although carriers are not accountable for the intrinsic quality of the cargo, they should consider appointing reliable local surveyors to systematically collect samples and verify moisture and temperature at loading. Composite samples should be prepared for each hold – one set retained by the master and another stored by the surveyors for at least 90 days after loading.

These regulatory developments mark a meaningful step towards the normalisation of the significant Brazil-China soya bean trade flows. Nevertheless, the absence of a defined weed seed tolerance threshold indicates that the phytosanitary landscape remains unsettled.

We will continue to monitor GACC and MAPA directives closely and provide further updates as material developments emerge.

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