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The Battle of the Beans: How Direct Brazil-China Soybean Trade Was Stillborn in 2004

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ABSTRACT
In 2004, Brazilian soybean cooperatives in Rio Grande do Sul state and the Chinese state-owned agroindustrial commodity trading company Chinatex orchestrated the first direct soybean shipments between both countries. By that moment, China had flipped from a net soybean exporter in the previous decade to the world's leading importer of this commodity, and Brazilian exports were mushrooming to attend this demand. However, powerful trading corporations from the US and western Europe dominated this international trade. Thus, the attempt to establish direct shipments between Brazilian producers to China was integral to efforts by agribusinesses in these emerging economies to wrest control over the profits and flows of this burgeoning and strategic sector. However, this first partnership for direct soybean trade became embroiled in a convoluted crisis involving the legalization of transgenic soybeans in Brazil, widespread contamination of shipments with pesticide-covered seeds, record volatility in soybean prices, and the ensuing collapse and foreign take-over of the Chinese soybean trade and processing industry—dubbed the "Battle of the Beans" in Chinese media. Drawing on extended interviews with the key protagonists of this decisive moment in the restructuring of international agribusiness markets, I describe how direct Brazil-China soybean trade was spectacularly stillborn, consolidating the oligopoly of agribusiness trading companies from the Global North over international soybean markets for another decade. I argue this particular moment was one of the most important events in the construction of the new geography of Brazil-China relations, and we can only understand how its specific convergences and divergences emerged through grounded, transnational, and ethnographically-nuanced analysis. Thus, my investigation provides unprecedented insight into the political and economic conjuncture in which South-South cooperation is pursued between China and its largest commercial partner in Latin America, even while it reproduces agroindustrial production and trade relations that benefit transnational elites at the expense of the majority of peasants, workers, and the environment in both China and Latin America.

KEY WORDS: *Brazil, China, global ethnography, soy, international trade*

RESUMO

Em 2004, cooperativas brasileiras de soja no estado do Rio Grande do Sul e a empresa estatal chinesa Chinatex de comércio agrícola estabeleceram as primeiras remessas diretas de soja entre os dois países. Naquele momento, a China se transformava de exportadora líquida de soja durante a década anterior para a principal importadora deste produto, e exportações brasileiras cresciam para atender essa demanda. No entanto, poderosas empresas dos Estados Unidos e da Europa Ocidental dominavam esse comércio internacional. Assim, a tentativa de estabelecer embarques diretos de produtores brasileiros para a China era parte central de esforços dos agronegócios dessas economias emergentes para assumir controle sobre os lucros e fluxos desse setor emergente e estratégico. No entanto, esta primeira parceria para o comércio direto de soja se desmontou com uma crise complicada envolvendo a legalização da soja transgênica no Brasil, a contaminação generalizada de remessas com sementes cobertas de pesticidas, volatilidade recorde nos preços da soja, e o colapso e estrangeirização da indústria chinesa de soja - apelidado de "Batalha dos Feijões" na mídia chinesa. Com base em extensas entrevistas com os principais protagonistas deste momento decisivo na reestruturação dos mercados internacionais do agronegócio, descrevo como o comércio direto de soja entre o Brazil e a China foi espetacularmente natimorto, consolidando o oligopólio das empresas comerciais do agronegócio do Norte Global sobre os mercados internacionais de soja por mais uma década. Argumento que este momento específico foi um dos eventos mais importantes na construção da nova geografia das relações Sino-Brasileiras, e só podemos compreender como essas convergências e divergências surgiram através de análises fundamentadas em análises materiais, transnacionais e etnográficas. Desta forma, minha investigação fornece uma análise sem precedentes da conjuntura política e econômica na qual a cooperação Sul-Sul é construida entre a China e seu maior parceiro comercial na América Latina, mesmo enquanto reproduz relações agroindustriais e comerciais que beneficiam elites transnacionais à custa da maioria dos camponeses, trabalhadores e meio ambiente tanto na China como na América Latina.

PALAVRAS CHAVE: *Brasil, China, etnografia global, soja, comércio internacional*

2004年，南里奥格兰德州(Rio Grande do Sul State)的巴西大豆合作社和中国的国有农业工业品贸易公司——中国中纺集团公司(Chinatex)精心策划了两国间首次直接大豆贸易。那时，中国已经从过去十年来的大豆净出口国翻转为了世界领先的大豆进口国，与此同时，巴西大豆出口迅速增长以满足这一市场需求。然而，届时大豆国际贸易则由来自美国和西欧的强大贸易公司主导。因此，试图建立巴西生产商与中国之间直接贸易的努力对于这些新兴经济体的农业综合企业来说是不可或缺的，这些企业试图控制这一新兴迅速成长和战略性行业的利润和动向。然而，这一第一宗直接的大豆贸易合作关系陷入了错综复杂的危机：巴西转基因大豆的合法化、杀虫剂包衣的种子造成的大量货运污染、大豆价格的大幅波动，以及随之后出现的中国媒体所谓的"大豆大战(Battle of the Beans)"，即中国大豆贸易和加工产业的破产，并被

海外收购浪潮。基于对国际农业企业市场重组的这一决定性时期的相关关键人物的深度访谈，我描述了巴西-中国的直接大豆贸易是如何夭折的，且巩固了来自北方发达国家（Global North）的农贸公司在国际大豆市场上又一个十年的垄断地位。我认为，这一特殊时期是巴中地缘关系新格局构建中最重要的事件之一，并且唯有通过在地化的、跨国的，以及民族志的细致分析和研究，才能理解这一过程中的趋同与趋异是如何产生的。因而，我的研究提供了对关于中国与其在拉丁美洲最大的商业合作伙伴之间进行南南合作的政治经济联系的前所未有的见解，这一合作的促成了农业工业化生产和贸易关系的形成、再生产，受益的是跨国精英，却以牺牲中国和拉丁美洲大多数农民与工人的利益和环境为代价的。

关键词：巴西，中国，全球民族志，大豆，国际贸易

INTRODUCTION

The economic geography of Brazil has been profoundly transformed by the dramatic expansion of soybean production since the 1970s (Oliveira, 2016). This process accelerated and gained further political-economic significance after 2000, when China surpassed the European Union as the main importer of soybeans, and it remains the world's largest and fastest growing market (Peine, 2013; Oliveira & Schneider, 2016). Yet Brazilian soybean exports were dominated until very recently by agricultural commodity trading companies from the U.S. and the EU (Oliveira, 2016; Wesz Jr., 2016). The veritable oligopoly of these companies, collectively known by the acronym ABCD (the initials of the companies ADM, Bunge, Cargill, and Louis Dreyfus), has been considered a central fixture of the contemporary geography of global agroindustrial production and trade (Morgan, 2000; Murphy, Burch, & Clapp, 2012). It is also a concrete instantiation of the neocolonial power of corporations from the global North over Brazil, China, and beyond (Wilkinson, 2009; McMichael, 2013a).

When food prices spiked in 2007–2008 and then oscillated violently during the following years, in step with the global financial crisis and economic slowdown, Chinese agribusiness companies intensified efforts to establish foreign investments that could secure greater control over the price and supply of soy (McMichael, 2013b; Guo & Myers, 2017; Oliveira, 2017). They aim, above all, to bypass the oligopoly of the ABCDs in Brazil, which has passed the U.S. to become the world's leading soybean exporter. This has contributed to China surpassing the U.S. to become Brazil's largest commercial partner, and to Brazil becoming China's largest commercial partner in Latin America (Oliveira & Schneider, 2016; Myers & Wise, 2017). These Chinese efforts triggered a scandal over "land grabbing" in Brazil, but even though Chinese investments in Brazilian farmland for soy production largely failed, acquisitions of Brazilian and transnational trading companies have secured a strong position for Chinese agribusiness companies since 2014 (Oliveira, 2018a).

This process is usually described exclusively in macroeconomic and geopolitical terms, viewed through the lens of the "rise of China" against the background of entrenched global North hegemony. However, exclusive focus on such macro levels and frameworks homogenizes a complex historical geography of global agroindustrial restructuring into simple narratives of China's impacts across the world (e.g. Jiang, 2009; Leão, Pinto, & Acioly, 2011). These narratives and frameworks are inadequate to properly comprehend Chinese agribusiness investments in Brazil and their implications for Brazilian and global agroindustrial restructuring more generally.

In this article, I apply the theory and methods of critical global ethnography (Burawoy et al., 2000; Hart, 2006; Oliveira, 2018b), drawing on in-depth interviews and examining corporate, government, and media reports collected from 2011 to 2015, to relate a key moment in the historical geography of Brazil-China relations constructed through the soybean trade.

While it is true that the ABCDs had a growing oligopoly over Brazilian soybean exports to China when this agricultural commodity flow mushroomed during the early 2000s, and their commercial power is indeed a legacy of entrenched political-economic dominance of the global North over Brazil and the rest of the global South, those companies only established an effective oligopoly over Brazilian soybean trade with the neoliberal reforms during the 1990s (Oliveira, 2016; Oliveira & Schneider, 2016; Wesz Jr., 2016). Even then—as will be described with ethnographic nuance below—Brazilian farmer cooperatives in the south of the country still controlled sufficient soy production and strategic infrastructure chokepoints (i.e. grain terminals in deepwater ports) to organize *direct* exports to China that bypassed the ABCD oligopoly entirely.

My narrative focuses on the crucial moment in 2004 when the first direct shipments of soybeans were orchestrated between Brazilian producers and a Chinese agroindustrial trading company. This narrative shows the possibility for an alternative Brazil-China channel for direct soybean trade to have taken root and thrive in a way that would have precluded the maturation of an oligopoly by the ABCDs in Brazil, and thus fundamentally transformed the basis upon which Brazil-China agroindustrial trade and other bilateral relations have unfolded since then.

However, a multiscale conjunction of factors rendered stillborn those initial efforts to arrange soybean shipments from Brazilian cooperatives directly to Chinese buyers. These included an abnormally serious problem of contamination of soy shipments with pesticide/herbicide-covered soy seeds due to a change in Brazilian regulations on transgenic crops, leading to a temporary Chinese moratorium on soybean imports from Brazil. This coincided with an inconsistent set of announcements of anticipated soybean harvests by the USDA, which generated extreme volatility in international soybean prices. Consequently, the first set of direct soybean exports from Brazil to China resulted in drastic financial losses, and multiple other Chinese companies defaulted on their contracts and went bankrupt. This process triggered a systematic collapse of the domestic soy sector in China (production, processing, and trade), which was followed by rapid takeovers of soybean processing and trading operations by the ABCDs themselves. Known in China as the Battle of the Beans, it was this conjunction of events that created the urgent

Chinese necessity to make large-scale agroindustrial investments in Brazil in the wake of the 2007–2008 food price and financial crises (Oliveira & Schneider, 2016; Yan, Chen, & Ku, 2016; Oliveira, 2017), and curtailed the space for soybean agribusinesses in Brazil to develop independently from both the corporations from the global North and new corporate entrants from China.

After a brief section on my theory and methods, the remainder of the article will explain: (1) how the Chinese cotton and textile trading company Chinatex became a soybean trader and arrived in Rio Grande do Sul, Brazil; (2) how the first shipment from Brazilian cooperatives directly to Chinatex took place; (3) how transgenic seed deregulation, pesticide contamination, and price volatility derailed the next ten shipments; (4) how Chinatex earned its good reputation even though the Chinese soy sector collapsed; and ultimately (5) how further direct Brazil-China soybean trade and subsequent investments were forestalled.

This narrative will demonstrate how critical global ethnography and conjunctural analysis contributes to more fine-grained understanding of the historical geography of Brazil-China agricultural trade, a central pillar of China-Latin America relations. Deepening analysis from macroeconomics and geopolitics alone, this contribution reveals how such superficial accounts of China's impacts on Latin America obfuscate the effective agency of specific actors from these places, and the historical-geographical contingencies through which their relations construct China-Latin America relations across real histories and landscapes.

THEORY AND METHODS

I draw upon practices of critical global ethnography (Burawoy et al., 2000; Hart, 2006) and conjunctural analysis of the political economy of ecological and agrarian change (Watts & Goodman, 1997; McMichael, 2013a). Such theory and methods are conceptually useful for geography in general, and more specifically for geographical studies of transnational relations and globalization, because they enable us to understand how transnational relations are "actively produced through situated, embodied material practices, and their associated discourses and power relations" (Hart, 2006, p. 995; cf. Darian-Smith & McCarty, 2017; Oliveira, 2018b). In contrast with the nation-state-centered and macroeconomic terms in which Brazil-China agroindustrial trade and investments are usually studied (e.g. Wilkinson, 2009; Leão, Pinto, & Acioly, 2011; Guo & Myers, 2017), the theory and methods I employ extend qualitative research across scales to demonstrate the material territoriality of transnational processes.

However, unlike multisited ethnography that tends to compare countries (e.g. Burawoy et al., 2000), my research uncovers the interrelations between Brazilian and Chinese agribusinesses professionals, government agents, and civil society, decentering the nation-state from social scientific inquiry in general, and research of international relations in particular (Agnew, 1994). Thus, my research reveals how Brazil-China agroindustrial partnerships bring "diverse but connected historical geographies into tension with one another . . . to render taken for granted categories peculiar and open to question, as well as pointing to new connections, claims, and re-articulations" (Hart, 2006, p. 996), investigating rather than presupposing the actors, discourses, and power relations that emerge through and reshape the geography of China-Latin America relations.

This analytical and methodological approach enables a more rigorous and nuanced study of Latin American geography in light of its growing connections with China, addressing "the ongoing salience of historically and geographically specific—but globally connected—agrarian questions" (Hart, 2002, p. 38–9) in light of new trajectories of capitalist globalization.

HOW CHINATEX BECAME A SOYBEAN TRADER AND ARRIVED IN RIO GRANDE DO SUL, BRAZIL

In 1997, while negotiating its entrance into the World Trade Organization (WTO), the Chinese government reduced tariffs and quotas on soybean imports to enable domestic grain production to focus on rice, wheat, and maize (considered to be of greater importance for national food security). It also committed to opening its cotton and textile trade to private domestic companies and foreign corporations, thereby sacrificing the fifty-year-old monopoly of the China Textile Import and Export Corporation, commonly known as Chinatex. Simultaneously, the government called for restructuring its state-owned agribusiness trading companies, including the transformation of Chinatex into a diversified agroindustrial trading company.

The following year, Zhao Boya was elevated to chairman of the Chinatex group, and was tasked with promoting the company's expansion of textile production, increasing total industrial output, and expanding into garment production, brand design, and even acquiring 5,000 hectares in Australia to produce its own cotton (Chong, 2003; Handelsblatt, 2003). Most significantly, Zhao pushed the company to diversify into soybean trade and processing. In that process, Chinatex agribusiness professionals and their Brazilian partners became the first to establish *direct* trade in soybeans that bypassed the ABCDs, which placed them at the very heart of what came to be known as the 2004 soybean crisis and the ensuing Battle of the Beans that still shapes Brazil-China relations and global agroindustrial restructuring to this day.

Zhao established the Chinatex Grains and Oils Co. subsidiary in 2000, and tasked that team with procuring soybeans in China's northeastern provinces. But seeing the rapid expansion of soy imports unleashed by the reduction of tariffs, he also tasked them with researching opportunities for "going out" to source soy abroad. Shan Weijian[1] was in the first team that Chinatex Grains and Oils assembled and sent to Brazil in 2003, and then became the head of the subsidiary there. In a personal interview he said:

> We have a long history in trading, so even though we had not worked with soy before, we know those mechanics very well. I was there for one year right after we began procurement in northeast China (2001–2002). At that time, soy was still very important in China, and the government was trying

> to protect the sector [i.e. encouraging state-owned enterprises like Chinatex to purchase domestically to sustain prices]. We procured soybeans directly from producers, middle [size] trading companies, warehouses, even railway stations. There were many models. Chinatex is a state-owned company, so we are very strong financially and have a good reputation, credibility. We can get soybeans from producers on credit or cash. We are never short of cash, so the origination business was very profitable in China.[2]

Given this dependence on trading for its grain and oils business, Chinatex recognized it would need to import soybeans in order to remain profitable and expand as Chinese markets began to be flooded by cheap U.S., Brazilian, and Argentine soybean exports. Shan said:

> We did import CIF[3] from 2001 to 2003, and saw it was a good business. So we decided in 2002 that if we buy FOB[4] from America [sic] and Brazil is even better. We did research and found that the U.S. is fully developed, not easy [for new entrants] to find opportunity there. Argentina was in crisis. But Brazil was not yet mature, and suppliers are quite diversified, so there was a lot of opportunity. The ABCDs do most of the international [shipments], but there are also [large-scale] individual [farmers] and cooperatives. So we determined that we should go to Brazil. But when we did research, we found that Brazil is very difficult—totally different from China. The logistics is the bottleneck, especially the port.[5]

It was through their relatively new oligopoly on Brazil's main soybean shipping ports that the ABCDs gained dominance in exports from the country. Brazilian farmers could very well want to sell to Chinatex or other buyers, and the latter could even offer better terms and prices. But without being able to operate a grain terminal of their own, a deal was impossible. Recognizing that soybeans were rapidly becoming one of the most important agroindustrial commodities in international trade, driven almost entirely by rising Chinese demand and booming supplies from Brazil, the ABCDs attempted to block direct commercial relations between Chinese and Brazilian agribusinesses. Shan explained:

> At that time [2002], it was very hard. The big trading companies refused to sell soy to Chinatex in Brazil. They said, "You go back to China, we will sell it to you there, but here no." We had difficulty even if we chartered a vessel and offered to buy FOB, we still could not find a seller. Individual producers didn't have the capacity and the confidence, even though we have [similar] demands from each other [i.e. bypassing the ABCD oligopoly and splitting the profits captured by the trading companies]. Santos, Brazil's main port, no way. Paranaguá was more or less [because there is a public port beyond the control of the ABCDs]. So the reason we went to Rio Grande do Sul was because

Figure 1. The CCGL Grain Terminals at the Rio Grande Port. *Source: CCGL*

> of the cooperatives. They are also a big supplier, but the international [trading companies] do not have a monopoly there. They [the cooperatives] have their own port, so they have this ability [to sell directly to Chinatex].[6]

Shan Weijian and his colleagues did savvy research, identifying Brazil's southernmost state, Rio Grande do Sul, as the ideal place in which to begin, and at just the right moment. Soy production in the Center-West and Cerrado regions of Brazil was increasingly dominated by large-scale farmers and farm management companies, while trade was increasingly dominated by the ABCDs (Mier y Terán, 2016; Wesz Jr., 2016; Oliveira & Hecht, 2016). In southern Brazil, on the other hand, soy production remains in the hands of relatively small (less than 300 hectares) farmers with a long tradition of commercial operations and cooperativism (Vander Vennet et al., 2016). A wheat farmers' cooperative (Cotrijuí) established a grain terminal at the deepwater port of Rio Grande in 1969, then in 1993 united with another eighteen regional cooperatives to create the Cooperativa Central Gaúcha Ltda. (CCGL), an umbrella organization established to simultaneously bail out many cooperatives that had become dangerously indebted during the 1980s, modernize and scale up the cooperatives' milk processing capacity, and expand their port operations.[7] When Brazilian public ports were being privatized in 1999, the CCGL purchased the neighboring grain terminal from the state-owned oil company Petrobras, bringing their total storage capacity to 500,000 metric tons at the port, and expanding their loading capacity from one to three ships simultaneously (Figure 1).[8] When Chinatex arrived in Rio Grande do Sul looking for partners interested in bypassing the ABCD chokehold on Brazilian soybean exports, therefore, the CCGL was one of the only actors in Brazilian agribusiness with the capacity to cooperate.

"We thought it was a great idea," said the president of the federation of cooperatives that includes CCGL in Rio Grande do Sul state about the proposal to make direct exports for Chinatex. "But the interlocution is difficult," added his executive director.[9] In very practical terms, no one at the new Grains

Figure 2. Liones Severo, the Soy Broker at the Heart of the 2004 Soybean Crisis
Note the charts behind him, showing the monthly price of soybeans (left) and soy oil (right) at the CBOT from 1968 to 2010, with clearly noticeable spikes starting in 1973, culminating in the 2007–2008 record high prices. (Photo by the author, Porto Alegre, June 2015.)

and Oils operations at Chinatex could speak Portuguese, and none of the executives at the cooperatives could speak English (much less Mandarin Chinese), "and there is still hardly any people doing this exchange" the officials added. Thus, the connection between Chinatex and CCGL would have been impossible without the intermediation of Liones Severo (Figure 2), a bombastic soybean broker from Rio Grande do Sul who spoke reasonable English and became the key Brazilian booster of direct sales to Chinese buyers in the early 2000s. "The cooperatives had a meeting, raised his name to be the interlocutor, and it was approved," explained the chief executives of the cooperatives involved in making the sales through CCGL. "That is when he [Severo] entered the game." And, they emphasized, "he had the trust of the Chinese, and we trusted him to organize the partnership."

HOW THE FIRST SHIPMENT FROM BRAZILIAN COOPERATIVES DIRECTLY TO CHINESE BUYERS UNFOLDED

Severo had worked in the soy trading sector his whole life, and taught himself English while working as broker in the ports of Rio Grande and Paranaguá.[10] That enabled him to join the Italian agroindustrial conglomerate Ferruzzi S.p.A. in 1988, where he managed soybean trading and orchestrated the infamous corner on the soybean market at the Chicago Board of Trade (CBOT) in 1989.[11] "That year I made [US$]26 million,"[12] he bragged, referring to the company's gains in the scheme, but he failed to elaborate on the denouement of the tale: While he propelled himself from an unknown soy broker from southern Brazil into an internationally (in)famous soybean trader, Ferruzzi faced countless lawsuits and closed in 1993. "In the end, Ferruzzi . . . crashed and burned into bankruptcy, most suits were dismissed, some traders got a nice prize years later in a class action suit, and Cargill and the CBOT executives moved on" (Ashburn, 2014).

Liones moved on to manage soybean origination and trading at MatoSul, "the Cargill of Mato Grosso do Sul" as he described the Brazilian grain trading company.[13] "There I made [US$]18 million" for the company, Liones boasted,[14] before it was acquired by Cargill itself in 1997. Those experiences not only set him apart as one of the soy brokers in Rio Grande do Sul with the most prominent profiles, but also gave him a clear understanding of the strategic necessity for Brazilian soybean agribusinesses to establish direct partnerships with Chinese buyers to bypass the ABCDs. He said in a personal interview:

> We are kind of hostages to the U.S. . . . Brazil will be the greatest food supplier in the world, that is uncontestable because of our natural resources and vocation. But we don't have a sufficient understanding of this importance. . . . Soy is the most important commodity in the world, and there are people all over the countryside looking to buy. But Brazilians don't sell the soy, it is bought [from us].[15]

That analysis dovetailed perfectly with the common understanding of Chinese agribusiness professionals that "South America produces soybeans, China buys soybeans, and the U.S. sells soybeans," placing the transnational trading firms from the global North as the dominant players that control the prices, profits, and flows of this agroindustrial commodity chain (Yan, Chen, & Ku, 2016, p. 373). When the first Chinatex delegation arrived in Rio Grande do Sul looking for information and possible commercial partners in 2003, Severo delivered that analysis with a distinctive swagger that inevitably included bragging about his longstanding success trading soybeans, and his pet theory that soybean market prices can be accurately predicted through analysis of four-year cycles. Their first conversations in a hotel in Porto Alegre went so well that Severo was invited to China the following month to negotiate an employment contract.

Upon his incorporation into the Chinatex team in Brazil, the five-person delegation returned to Brazil, rented a large house in São Paulo that they partially converted into office space, and organized their first direct (FOB) shipment that same year. Severo prepaid for 60,000 metric tons of soy from various cooperatives that were part of CCGL, but since Chinatex did not have a letter of credit of its own to secure the financial arrangements for chartering a vessel and securing the insurance for the shipment, Severo arranged for the sale to be intermediated by Coimex, a midsize Brazilian trading firm that was rapidly expanding its soybean operations as well.

That first shipment in 2003 went smoothly, and secured Severo's position in Chinatex. "As pioneers [among Chinese agribusinesses], we didn't know how to operate in Brazil, how to hedge this month, that month," explained Shan,[16] so they learned by working under the direction of Severo. "He taught us a lot about the Brazilian soybean market. He was like a professor at the beginning, telling Chinatex how to do business."[17] The successful export of that first cargo in 2003 gave them confidence to expand their operations, so Chinatex began to work around the clock to negotiate far larger acquisitions from CCGL during the daytime, and obtain approvals from the headquarters of Chinatex in Beijing during the night. By April 2004, they had prepaid for the purchase of 550,000 metric tons of soybeans to be exported in ten ships over the following few months.[18]

That move evoked strong reactions from the ABCDs in Brazil. "In those days, I was absolutely hated" by the ABCDs, Severo recalled and sneered.[19] "They would call me and my brother [who took over their brokerage firm while he was an employee at Chinatex] to say, 'You will never do business with another company if you continue to work with Chinatex.'"[20] Shan also remembered that period as marked by strong resistance from the ABCDs: soybean farmers and cooperatives "were afraid of selling to Chinatex because they feared punishment by the big trading companies. They [the trading companies] also finance them," and farmers feared the ABCDs would withhold finance or raise interest rates.[21] In addition, they would tell Brazilian farmers that the letters of credit Chinatex proposed through the Bank of China were not reliable, "so a lot of Brazilian suppliers felt we are not trustworthy."[22] The directors of the cooperatives confirmed this.[23]

Ultimately, it was Severo who secured mutual trust between the CCGL and Chinatex. "The Americans [sic] told us that the Chinese are untrustworthy," Severo explained, "and told them the same thing about us. It took great effort but we got the Brazilians to understand that the Chinese are not as bad as the United States says."[24] That trust was consolidated once Chinatex demonstrated in practice its financial capacity to prepay for purchases, and to provide credit below market prices for subsequent operations, giving the CCGL executives enough confidence to face the ABCDs. Said Shan:

> When we came, we provided them more channels. We can provide much lower finance than the trading houses; I compared, I know how much interest they charge the producer. We provide them much lower! . . . But only after they saw that Chinatex is a secure buyer [after the first shipment], they felt confident. Only the middleman companies don't like that. What is their function? Chinatex is a trading company too, it has been trading for sixty years, so we know the trading business. What is trading about? Don't let end buyer and seller know each other, try to block that.

> It is beneficial for local supplier [and overseas buyer as well], only the middlemen are not happy. So we can see why [the ABCDs] don't welcome us.[25]

HOW TRANSGENIC SEED DEREGULATION, PESTICIDE CONTAMINATION, AND PRICE VOLATILITY DERAILED THE NEXT TEN SHIPMENTS

The first shipments of 2004 began to be loaded by Chinatex at the CCGL port in Rio Grande do Sul, but it was not simply resistance from the ABCDs that would derail their operations. A far more complex problem of pesticide contamination affecting all southern Brazilian exporters, and a rapid fluctuation in international soybean markets, triggered the 2004 soybean crisis that fundamentally restructured the sector (Bo, 2014). Until then, the Brazilian government had not approved the use of transgenic crops, but some farmers in Rio Grande do Sul had already been smuggling Monsanto's glyphosate-resistant transgenic soy seeds from neighboring Argentina for at least four years. President Luiz Inácio Lula da Silva had just taken office, and environmentalist and leftist social movements hoped he would not only sustain restrictions, but even declare a moratorium on transgenic seeds. But he succumbed to pressure from the agribusiness lobby and arranged a compromise that legalized the commercialization and exports of transgenic soy exclusively in Rio Grande do Sul state (where the bulk of the smuggled transgenic seeds were being planted), while holding off on approval at the national level.[26]

By that time, farmers in Rio Grande do Sul who were hesitant to plant transgenic soy without legal sanction had already purchased 80,000 metric tons of conventional soybean seeds. But when the approval was announced they switched en masse to transgenic seeds instead. The conventional seeds they had stored became worthless, and when the harvest began in early 2004, many disposed of their unused seeds by blending them with their harvested grain (Maschio, 2004). Conventional seeds are coated with a mixture of pesticides and herbicides to protect them before planting and germination, and are marked with a red color to distinguish inedible seeds from edible grain. These shipments of conventional seeds mixed with harvested grains were rejected by China's customs and quarantine agency (AQSIQ), which issued a temporary embargo that threatened the export boom that was just beginning.

These events coincided with changing signals from the USDA about U.S. anticipated harvests to create a perfect storm in international soybean markets that drove prices to record highs in early 2004, and then brought prices crashing down in the middle of that year when the embargo was lifted—but not before also taking down most Chinese soybean importers and processors, and tarnishing President Lula's initial attempt to pivot toward China as his major foreign policy and economic strategy (Oliveira, 2010).

Leveraging the Chinatex exports politically in Brazil was first attempted by the governor of Rio Grande do Sul. On April 8, Zhao Boya and the other top executives of

Chinatex were received by the governor in Porto Alegre to celebrate the "first" direct shipments of soybeans from Brazil to China.[27] They were poised to become one of the main success stories to boost the renewal of Brazil-China relations during the planned exchange of state visits by Presidents Lula and Hu Jintao later that year, and a model for further Brazil-China agroindustrial partnerships. But at the end of that same month, when the ships began to arrive in China, they were rejected by AQSIQ and the entire plan for high-level political promotion collapsed.

ADM, Cargill, Louis Dreyfus, and four smaller trading companies also had deliveries to China suspended until sanitary inspections could be concluded (Trevisan, 2004; Zafalon, 2004). The Brazilian embassy staff was alerted by the Chinese central government of their zero tolerance policy on contaminated shipments of foodstuffs, and the Brazilian bureaucrats scrambled to resolve the crisis. As Chinese companies began to default on their contracts, several executives of the ABCDs and other agribusiness professionals in Brazil began to speculate that the entire "red soybean scare" was a mere fabrication of the Chinese government to rescind contracts without suffering negative consequences at arbitration. Some Brazilians didn't want to admit the farmers knowingly contaminated the shipments, and that the Brazilian government failed to restrict those exports and destroy the unused conventional seeds according to legal regulations. It was much more convenient for them to shift the blame to the "untrustworthy" Chinese, and their "politically motivated" efforts to protect their own companies that had "simply made mistakes in the market."[28]

The Brazilian and Chinese governments held several meetings to discuss the topic in the first month that shipments were embargoed. Before a political resolution was secured, Chinatex and the other companies had to figure out how to handle their shipments—some already on their way to China, others being loaded, and several more already contracted and scheduled. Many like Cargill simply redirected their detained ship from China to Hong Kong or other ports where they could be accepted (Trevisan, 2004). Chinatex also redirected one of their embargoed ships to Vietnam. Shan Weijian told me they managed to dispose of some shipments only by giving a discount to their buyers,[29] and by "making an agreement with the Chinese government that we would pay for the cleaning,"[30] which was apparently done mostly for show, just enough to enable the shipments to be unloaded in China and the customs officers to say they did their job.[31] Thus, between redirecting their shipments, "cleaning" their cargo, and negotiating ways around the restrictions, Chinatex was able to fulfill all its contracts that year—with significant financial losses, but it managed to survive the crisis.

Most other Chinese companies at that time, however, succumbed to the price volatility generated by the confluence of the "red soybean" incident with USDA reports and CBOT fluctuations. That January, the USDA reported record soybean shipments to China (USDA, 2004a). Then in February it reported "world oilseed stocks are projected to be much tighter at the end of, 2003/04 than last year" (USDA, 2004b, p. 2). And in March it reported weather problems that revised down its projected harvest and exports from Brazil (USDA, 2004c), all driving prices to record highs. Chinese buyers—Chinatex with its ten ships contracted in Brazil among them—set contract terms when prices were abnormally high not only at the point of origin, but also with their clients (soybean processors, livestock feed producers, and edible oil refineries and distributors). Once the first shipments contaminated with "red soybeans" began to be detained in late April and AQSIQ imposed a temporary embargo on Brazilian soy imports, prices jumped even higher. After the frantic month of negotiations with the Brazilian government, the embargo was lifted at the same time the USDA reported that instead of "tight domestic supplies," record harvests were projected for the U.S. that fall, causing prices to plummet by the time payments came due for contracts arranged earlier in the year (USDA, 2004d).

Severo accused the USDA of orchestrating the price volatility by deliberately underreporting the expected U.S. soybean harvest. "They lied about the harvest, just like they lied about the weapons of mass destruction in Iraq," he accused. "It was convenient for them, because the U.S. trading companies knew the real conditions of the harvest and so they could hedge, but the others were cast out on their own."[32] Whether or not there was a conspiracy among the USDA and the transnational trading companies from the U.S. that dominate the CBOT to break the Chinese soybean sector, the volatility certainly worked in their favor.

HOW CHINATEX EARNED ITS GOOD REPUTATION BUT THE CHINESE SOY SECTOR COLLAPSED

Many Chinese buyers preferred to default on their import contracts rather than take the loss.[33] Chinatex was one of the few that did not break any contract but absorbed its losses from the price volatility and the extra expenses associated with the "red soybean" incident—to which it was far more exposed than other Chinese companies that purchased shipments loaded in other parts of Brazil. In a personal interview, Shan Weijian said:

> That year we suffered heavy losses: 100 million RMB. But we earned our reputation that year because we fulfilled our contracts and never defaulted, like some other companies. . . . Since then, the big trading companies, the ABCDs, their attitudes changed. They still would not sell directly to many Chinese buyers [in Brazil], but they accepted our challenge to reduce their risk of exposure [to defaults by Chinese buyers]. After all, they wanted to continue selling to China, but needed to find a reliable buyer. So they began to accept selling to us even in Brazil.[34]

This short-term loss was beneficial to Chinatex in so far as it earned a good reputation with the ABCDs. After 2004, commercial operations for Chinatex became relatively easy in Brazil, even though it no longer sourced directly from CCGL, but purchased soybeans instead from regional trading companies throughout the country, or as "paper" (i.e. grain elevator receipts) at the port and the commodity board of trade in Paranaguá, which it could exchange for shipments loaded by the ABCDs themselves in any of their port terminals in Brazil.[35] In 2005, it exported eighteen ships with almost 1 million tons of soy to China, then in 2006 shipped thirty vessels with 1.6 million tons, expanded exports to 2 million tons in 2007, and 2.6 million tons in 2008.[36] But the "red soybean" incident reduced Chinatex's trust in Brazilian cooperatives, which never again orchestrated such direct large-scale shipments. The directors of the cooperatives admitted their own members contaminated the shipments, but added, "No one in the world is good, much less the Chinese!"[37]

Chinatex was limited to buying mainly from the ABCDs thereafter, but it also avoided the fate of most Chinese companies that did default on their contracts. The ABCDs took their case to the Grain and Feed Trade Association (GAFTA) in London, which found in their favor, and the Chinese trading companies were required to fulfill original contracts at substantial losses (Oliveira & Schneider, 2016). A Chinese Academy of Science study estimated that Chinese companies overpaid for this soy by at least US$1.5 billion (Wen, 2008). The immediate result was that many Chinese soybean importers and processors were forced into bankruptcy, including half of all soy oil refineries, creating an opportunity for transnational agribusinesses to further penetrate the sector.

While transnational companies controlled less than 10 percent of total soybean crush capacity in China until then, the ABCDs together bought over 70 percent of the shut down Chinese processors, and the Singapore-based Wilmar agribusiness trading company significantly increased its market share as well (PRL.org, 2009). When the dust had settled from GAFTA's ruling and all defaults and bankruptcies had been resolved, foreign firms controlled 80 percent of soybean crushing and 60 percent of soy oil refining in China (Oliveira & Schneider, 2016, p. 178). This meant that the same transnational corporations controlling soybean exports from the U.S. and Brazil also became the major importers controlling the flow of soy into China. Moreover, the ABCDs expanded their oligopoly over Brazilian soy exports, increasing their share from about 60 percent in 2003 to 70 to 80 percent in the six years following the 2004 soybean crisis.[38] So if Chinese and Brazilian soybean agribusinesses were already feeling squeezed by the ABCDs before the critical year of 2004, they felt they were being outright held hostage thereafter.

Referred to as the Battle of the Beans in Chinese media, this crisis dovetailed with the collapse of domestic production in China, and ushered in an era of foreign domination in China's soy industry (Lan, 2010; Bo, 2014; Yan, Chen, & Ku, 2016). In turn, this propelled the Chinese government to launch efforts to regain control of the domestic soybean processing sector, strengthen its state-owned agribusiness enterprises, and "go out" for international agroindustrial investments that could provide them with greater security, especially in soybean imports from Brazil.

HOW DIRECT BRAZIL-CHINA SOYBEAN TRADE AND INVESTMENTS WERE FORESTALLED

Since direct exports outside of CBOT prices and contracts were foreclosed, Chinatex began searching for investment opportunities that could position them to buy their own soybeans in Brazil, avoid future problems with transgenic or contaminated soybeans, and expand into soybean processing in China. Shan Weijian's first strategy was to broker a deal with the Paraná state governor, Roberto Requião, who was at the time leading the opposition to the continued legalization of transgenic soy in the rest of the country. In 2005, Shan arranged a letter from the president of Chinatex Grains and Oils to be sent to Governor Requião declaring that his company would invest in the construction of a new grain terminal in the public port of Paranaguá, in exchange for guarantees from the state government that the terminal would operate exclusively with conventional, non-transgenic soy.[39] That proposal was welcomed by the governor, who claimed the "red soybean" incident happened because of "the uncontrolled situation resulting from the privatization of Brazilian ports," and that if those exports depended on the public port of Paranguá instead, "we would not have gone through the shame that Brazil suffered in China."[40]

While it was a clever way to advance the company's interest by granting it strategic control and windfall profits from price premiums on non-transgenic exports, it created a rift between Shan's investment attempts and Severo's commercial operations. This tension between the two men worsened with time. Moreover, Chinatex needed more than a small team of soybean traders to put that proposal into practice, so Shan sought to acquire Coimex, the midsize Brazilian trading company that he had done business with since 2003. "We thought Coimex was ideal. It had a good model, strong procurement, their own warehouses, and a very good logistics team," Shan told me.[41] After signing a Memorandum of Understanding for the acquisition and starting the process of due diligence, however, Shan found that Coimex was heavily indebted due to its recent expansion into soybean trading, and therefore the price that Coimex executives were asking was much higher than what Chinatex was willing to pay. The deal collapsed, and without being able to move forward with its proposed investment in Paranguá, Chinatex backtracked on its requests for exclusive operations with conventional soybeans.[42]

Shan continued to search for possible investment opportunities in Brazil during 2006, which included preliminary negotiations with several midsize Brazilian trading companies, and even a few transnational companies that were also entering Brazil at that time. No negotiation flourished, as several companies set their price beyond the reach of Chinatex or would not accept basic terms for shared management in joint ventures or acquisitions.

In 2007, Zhao Boya and the other executives at the Chinatex headquarters in Beijing began to negotiate a company-wide set of joint ventures with Olam, a transnational agribusiness trading company headquartered in Singapore that did not operate in soybeans, but was becoming a major competitor with

Chinatex in the cotton trade (Olam, 2007; cf. Quark, 2013). The effective merger between Chinatex and Olam would have positioned them well ahead of the curve in creating new channels for the soy sector, since it was only after the 2008 food price and financial crises that a massive wave of transnational investments, mergers, and acquisitions was unleashed over soy production, processing, and trade. However, the deal collapsed due to personal difficulties in Brazil and political problems in China. While Shan felt that Olam's managers in Brazil would make good collaborators,[43] Severo and the head of Olam in Brazil clashed in every way possible. Severo said in a personal interview:

> I was in the discussions too, but it was too complicated. It began already when I made my presentation on the Brazilian market for the Olam delegation, and on my PowerPoint I put the flags of China and India for Chinatex and Olam. The guy [an executive of Indian descent from Olam's Singapore headquarters] became furious, and said that "we are not Indian, we are British." Then his manager [in Brazil] began to challenge me on my account of the market, saying, "We are going to be Cargill in Brazil." You need [US$]4 billion to even begin that, so the guy was totally clueless. . . . They didn't have the proper dimension of the [soybean] trading business, so I had a major problem with the CEO of Olam here in São Paulo. . . . So I told Chinatex, "If you do the joint venture with Olam, I'm out."[44]

At that time, the Chinese trading team and executives at Chinatex Grains and Oils were still gaining experience in international soybean markets, and Olam did not operate on the soybean markets at all. So both counted on Severo's expertise to continue leading their soy trading operations. As Shan explained, "Olam had experience in cashews, so they knew the mechanics of trading in Brazil, but they needed experts [in soybeans]. We could provide these experts, since we had a very experienced Brazilian professional [i.e. Severo], very well known in the Brazilian soybean market."[45] Without Severo, therefore, their proposed joint venture would risk failure from the start.

Moreover, Chinatex and Olam wanted to springboard from this joint venture in soybean trading to set up and/or acquire soybean processing assets in China. However, the Chinese central government determined in 2007 that it needed to regain control over the soybean processing sector that was being rapidly denationalized in the aftermath of the 2004 crisis. It issued new regulations in 2008 that prohibited further foreign direct investment in the sector and required that any joint venture must limit the participation of foreign investors to minority shareholders (Petry & O'Rear, 2008; Oliveira & Schneider, 2016). "Once foreign companies were not allowed to get into crushing, we stopped that joint venture discussion," explained Shan.[46] As a result, Olam decided to bow out of the Battle of the Beans entirely and consolidate its market shares in cotton, cocoa, coffee, and nuts, and expand its strong position in rice.

With the dramatic rise in agricultural commodity prices in 2007 and 2008, Chinatex pivoted from foreign investments in soybean origination to domestic investments in processing. The company was invited to participate in the construction of a new grain terminal in the port of São Francisco do Sul in 2007, but decided against joining the project.[47] Chinatex announced its interest to invest in the Paranaguá port in 2007 and 2008 (Machado, 2007; Paraná, 2008), but none of those negotiations flourished either.

Shan continued to have talks with regional Brazilian trading companies that could provide Chinatex with warehouses for its own origination of soybeans, and a logistics team with which to launch investments in port terminals, in exchange for cheaper credit and strong demand. Meanwhile in Beijing, the central government's new regulations on the soybean sector not only limited additional foreign investments, but also provided cheap credit and fiscal incentives to strengthen and encourage domestic companies—especially state-owned enterprises like Chinatex—to make heavy investments of their own in soybean processing (Petry & O'Rear, 2008; Oliveira & Schneider, 2016).

In the aftermath of the global financial crisis, Chinatex acquired seven soybean processing facilities in China and expanded its capacity as part of the Chinese central government's domestic stimulus efforts, which contributed to foreign control of the sector being reduced to about 60 percent (Oliveira & Schneider, 2016). Nevertheless, Chinatex would never again operate with direct imports from Brazilian cooperatives, which concluded, facing uncertainty with Chinese companies and regulations: "Chicago [Board of Trade] is not perfect, but it's the standard, and represents an impartial forum for us . . . 'outside' of Chicago [setting prices and contracts through direct sales], who will be the arbiter if contracts become disputed again?" they asked rhetorically.[48] However, this dominance of the ABCDs and the CBOT was far from a predetermined fact of macroeconomics and geopolitics.

CONCLUSION

My research findings answer important questions about why Brazil-China relations (for which the soybean trade has been central since the late 1990s) remained largely structured by the power of agroindustrial trading corporations from the global North, even when Brazil surpassed the U.S. in soybean exports to China. My scholarship also reframes the terms in which research questions should be raised about Brazilian and Latin American geography in light of new trajectories of capitalist globalization. Rather than inquiring about the impacts that the "rise of China" has upon Brazil and Latin America, we should raise questions such as: Who are the actors from Brazil and beyond who actively construct Brazil-China relations? What are the conjunctural forces and factors that have enabled or disabled their efforts to assemble specific forms of trade, investment, diplomacy, and other transnational relations? How can we identify the material territoriality of such transnational processes?

I argue that ethnographic examination and conjunctural analysis reveal the key actors and the historical-geographical contingencies through which Brazil-China relations have been constructed and deconstructed.

Such critical global ethnography is useful for understanding China-Brazil relations, and especially their geographic dimensions, because it enables a more fine-grained, multiscale, and situated account of how, where, and why specific material relations (such as transnational agroindustrial trade and investment) are established and broken. Building upon the particular case at hand, my approach can also shed light on more recent Chinese and Japanese investments (discussed in Oliveira, 2017) that challenge the oligopoly of the ABCDs over Brazilian soybean exports since 2015, as the denouement of the Battle of the Beans.

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NOTES

1 I use pseudonyms for certain informants even though they granted me informed consent to be identified in my research and are publicly identified in multiple journalistic reports.

2 Personal interview with Shan Weijian, director of Chinatex Brazil, São Paulo, June 12, 2015.

3 CIF contracts are when the buyer pays only for the cargo's "cost, insurance, and freight" and takes responsibility at the port of destination, while the seller takes responsibility for origination, loading, and shipping at the port of origin. This usually meant a Chinese buyer like Chinatex would purchase from the ABCDs who had warehouses and ports in the U.S., Argentina, and Brazil from which they could "originate" soybeans (or from Japanese companies that purchased from them or other smaller exporters in Brazil, for resale to China and elsewhere).

4 FOB contracts are "free on board," meaning the buyer takes responsibility for the cargo already at the port of origin. This enables a buyer like Chinatex to purchase directly from Brazilian cooperatives or trading companies with access to a port.

5 Personal interview with Shan Weijian, director of Chinatex Brazil, São Paulo, June 12, 2015.

6 Ibid.

7 Cotrijuí is the common name for the Cooperativa Regional Tritícola Serrana Ltda., and the grain terminal it constructed in 1969 is called Terminal Marítimo Luiz Fogliatto (TERMASA). Information is available at the CCGL-Log website, the subsidiary responsible for its logistics operations (http://www.termasa.com.br/).

8 This second grain terminal is called Terminal Graneleiro S.A., or TERGRASA.

9 Quotes in this paragraph are from personal interview with the president and executive director of the Federation of Agricultural and Livestock Cooperatives of the Rio Grande do Sul

State (Fecoagro/RS), Porto Alegre, June 23, 2015.
10 Personal interview with Liones Severo, Porto Alegre, June 22, 2015.
11 "Cornering the market" consists of obtaining sufficient control of a commodity in an attempt to manipulate the market price and force extortionate profits from buyers. For an explanation of Ferruzi's corner of the soybean market in 1989, see Gaines & Crawford Jr. (1989) and Ashburn (2014).
12 Personal interview with Liones Severo, Porto Alegre, June 22, 2015.
13 Ibid.
14 Ibid.
15 Ibid.
16 Personal interview with Shan Weijian, São Paulo, June 12, 2015.
17 Ibid.
18 Personal interviews with Shan Weijian and Liones Severo, São Paulo and Porto Alegre, June 12 and 22, 2015. Prepaying was an unusual operation, since most farmers delivered a portion of their harvest to cover the amount prefinanced by trading companies, and received payment for the remainder only after delivery. After these first operations, Chinatex sought to prefinance with cheaper credit than the ABCDs, rather than prepaying for deliveries. All reference to "tons" hereafter indicate metric tons.
19 Personal interview with Liones Severo, Porto Alegre, June 22, 2015.
20 Ibid.
21 Personal interview with Shan Weijian, São Paulo, June 12, 2015. The financial power of the trading companies over soybean farmers and cooperatives is also exercised through their unequal access and power at the commodity exchange boards. Brazilian farmers and cooperatives don't have the financial capacity to participate directly in the CBOT, so they hedge domestically at the Paranaguá exchange. But even there, "The big trading houses squeeze us; when we try to sell, the tradings undercut our price. Only if you have [US$]2 or 3 million can you hold your own there" (personal interview with the president and executive director of the Federation of Agricultural and Livestock Cooperatives of the Rio Grande do Sul State (Fecoagro/RS), Porto Alegre, June 23, 2015). Shan Weijian also remarked on the same dynamic to underscore the beneficial role that Chinatex played when it entered Brazil to break the oligopoly of the ABCDs.
22 Personal interview with Shan Weijian, São Paulo, June 12, 2015.
23 Personal interview with the president and executive director of the Federation of Agricultural and Livestock Cooperatives of the Rio Grande do Sul State (Fecoagro/RS), Porto Alegre, June 23, 2015.
24 Personal interview with Liones Severo, Porto Alegre, June 22, 2015.
25 Personal interview with Shan Weijian, São Paulo, June 12, 2015.
26 This was done through the Provisional Measure 113 of March 27, 2003. For more details on the different social forces pushing for and against this measure, and the broader political struggles around transgenic soybeans in Brazil at the time, see Castro (2006), Jepson (2002),

and Jepson et al. (2008).

27 It was actually the second direct shipment that was being launched at that moment, given that Chinatex had already exported a single vessel in 2003 as a trial run. Nevertheless, the political meeting required more fanfare than accuracy about such details; see the report by the Rio Grande do Sul State Government (2004).

28 This view was expressed in media reports such as "Setor de soja da China suspeita de quebra contractual" (China soybean sector suspected of breaking contracts), Folha de S. Paulo, June 6, 2004. It was also related in my interviews with Shan Weijian, Liones Severo, Tao Zhu (pseudonym for the director of Sanhe Hopeful's foreign investments, Beijing, July 14, 2013), and Ruben Shue (pseudonym), who was the representative of the Brazilian futures exchange BMF in Shanghai, and official translator for the Brazilian government during negotiations over the soybean embargo and other trade and political agreements that year; personal interview, São Paulo, June 12, 2015.

29 Personal interview with Shan Weijian, São Paulo, June 12, 2015.

30 Personal interview with Liones Severo, Porto Alegre, June 22, 2015.

31 Personal interview with Ruben Shue, São Paulo, June 12, 2015.

32 Personal interview with Liones Severo, Porto Alegre, June 22, 2015.

33 Tao Zhu, the international director for Sanhe Hopeful Grain and Oil Co., another major soybean processing and importing company in China, observed that until then, Chinese soybean traders and processors were not used to relying on commercial contracts, but rather on personal connections, or guanxi, between suppliers, regulators, and distributors. "So many of those guys did break contract [in 2004], and it was only afterwards they started to realize that they cannot do that, that they have to follow the contracts even when there is a loss." Personal interview, Beijing, July 14, 2013.

34 Personal interview with Shan Weijian, São Paulo, June 12, 2015.

35 Ibid.

36 Personal interview with Liones Severo, Porto Alegre, June 22, 2015.

37 Personal interview with the president and executive director of the Federation of Agricultural and Livestock Cooperatives of the Rio Grande do Sul State (Fecoagro/RS), Porto Alegre, June 23, 2015.

38 This estimate is derived from my triangulation of data from the Foreign Trade Secretariat of the Brazilian Ministry of Development, Industry, and Foreign Trade (MDIC-SECEX), various media reports, and a personal interview with the general director of the Brazilian National Association of Grain Exporters (Associação Nacional dos Exportadores de Cereais—ANEC), São Paulo, May 29, 2014. Neither MDIC-SECEX nor ANEC make detailed company-specific data available, however, given the proprietary nature of some of this information and ANEC's complex relation to its various members. My estimate matches those of other scholars who work extensively on this topic (e.g. Murphy, Burch, & Clapp, 2012; Wesz Jr., 2016). It is worth noting, however, that the expansion of the ABCD oligopoly in Brazil was not so intimately re-

lated to the 2004 soybean crisis as its expansion in China during the same period.
39 Folha de S. Paulo, June 13, 2005; Escandiuzzi (2005).
40 Folha de S. Paulo, June 6, 2004.
41 Personal interview with Shan Weijian, São Paulo, June 12, 2015.
42 Gazeta do Povo, May 12, 2006.
43 "[Olam] is a very important trading company. They began cashew origination in Brazil in 2002, and their business was already very strong [by 2007]. We visited their head office in Natal, they told us their business model of prefinance and processing. We thought their management is good, and fit our strategy." Personal interview with Shan Weijian, São Paulo, June 12, 2015.
44 Personal interview with Liones Severo, Porto Alegre, June 22, 2015.
45 Personal interview with Shan Weijian, São Paulo, June 12, 2015.
46 Ibid.
47 Ibid.
48 Personal interview with the president and executive director of the Federation of Agricultural and Livestock Cooperatives of the Rio Grande do Sul State (Fecoagro/RS), Porto Alegre, June 23, 2015.

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