The Shaping of Overseas Enterprise Strategies by the International Zero Deforestation Agenda — COFCO's Interaction with Brazil's Soybean Industry

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Abstract. International organizations have been crucial in resolving the crisis of forest degradation, which has become a major issue. The Zero Deforestation development goal has been advocated by the Worldwide Fund for Nature (WWF). To control agricultural activity, the European Union (EU) has introduced relevant legislation. China has been a key player in the process as the world's largest bulk trader of agricultural commodities. For Chinese businesses to participate in related activities, the corporate internationalization strategy has been an essential conduit. Based on the case study of the cooperation of COFCO with the soybean industry in Brazil, the article explores how the Zero Deforestation agenda influence the strategy of Chinese enterprises, tracking the practices of COFCO in the soybean industry in Brazil through the analysis of available reports of the enterprise and national government policy documents. It finds that international regulations impose pressure on enterprises, prompting the transformation of COFCO's practice model from passive compliance to the active inclusion of the Zero Deforestation agenda in the corporate strategy. The article sheds light on the mechanisms by which enterprises respond strategically to international norms.

Keywords: Zero Deforestation, Overseas Enterprises, International Organizations, Sustainable Development

1 Introduction

Since the 21st century, the world's forests have experienced a degeneration resulting from accelerated climate change and unsustainable human activity [1]. The Worldwide Fund for Nature (WWF) has set a goal of "zero deforestation in the world by 2030". The European Union has implemented the Deforestation Regulation (EUDR). In the context of both regulations and initiatives, the notion of Zero Deforestation has evolved as a governing rule that impacts the world's agricultural trade.

Most environmental treaties can merely be agreed upon by international actors that possess international law-based legal personality. The previous studies have investigated the behaviors of sovereign states and IGOs, while neglecting the role of enter-

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prises [2]. In addition, studies have investigated political channels without investigating the role of commercial interactions based on enterprises and industries in affecting the environmental governance [3]. Accordingly, this study performs an exploration of the case study in COFCO. It attempts to enrich the literature regarding the "IGO-enterprise" interaction and corporate environment strategy.

Following the framework of "pressure imposition—action response—strategic adjustment—effect feedback.", this study explores how pressure from international organizations influences corporate overseas strategies and examines how enterprises respond to international regulations. Specifically, it addresses two questions: How does the Zero Deforestation agenda advocated by international organizations transmit through legal and market mechanisms to ultimately shape COFCO's strategic practices in Brazil's soybean industry, and what are the outcomes and challenges of its strategic adjustments? This study attempts to offer avenues for corporate engagement in sustainable global development.

2 Literature Review and Analytical Framework

2.1 Literature Review

As forest destruction has become a central concern, the role of IGOs has emerged. The WWF and the EU have led the campaign against the Zero Deforestation goal, moving from soft ethical programs to hard law-based regulations, like the EUDR [4]. IGOs often communicate their influence on corporate practices through funding, advocacy of policies, and the development of regulations [5]. Yet, the assessment of the success of these intervention efforts remains lacking.

Responding to external pressure, companies do not simply passively conform but take a string of strategic adaptations. The expansion of overseas investment in ecological cases greatly enhances the ecological transition performance of multinationals. Reverse technology spillover effects are more salient where companies enjoy technical absorption ability [6]. From the intrinsic capabilities of a company, organizational attributes comprise the foundation for coping with external challenges. Overseas experience by executives was discovered as an efficacious means to strengthen a firm's innovation-oriented focus [7]. Multinationals can more efficiently implement their private ecological practices at the international level through chains of directors of the same nationality [8]. This shows that localized networks among the elite can enable the synchronization of environmental strategy in the case of multinational enterprises.

Although existing research has provided ideas from different dimensions, gaps remain. First, most studies follow a unidirectional IGOs-corporate model, lacking exploration of the interaction. Second, research remains scarce on how large state-owned multinational corporations (SMCs) balance national missions with international environmental regulations under dual political-economic mandates. Finally, the existing literature mostly focuses on policy descriptions or static analyses, failing to reveal the dynamic evolution of strategies in response to varying pressure intensities. By analyzing its strategic adaptation process under the international Zero Deforestation agenda, this study aims to address these research gaps.

2.2 Analytical Framework

The literature review indicates that the two main factors influencing corporate environmental strategies are internal corporate characteristics and external institutional pressures. As Figure 1 shows, this study develops a dynamic analytical framework of "pressure-response-adjustment-feedback" (see Fig. 1).

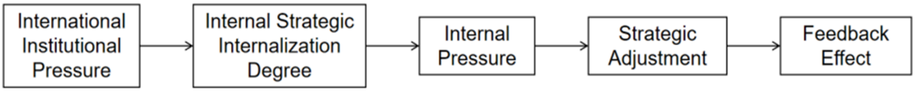

Fig. 1. An analytical framework.

Variable Declaration. As Figure 2 shows, international pressures are chosen as independent variables (see Fig. 2). In this case, these mainly refer to the WWF 2030 Zero Deforestation Goal and the EUDR. The degree of strategic adjustments that businesses make in response to institutional pressures is the dependent variable. Strategic internalization is the process by which companies proactively incorporate institutional requirements from outside sources into their internal objectives and implementation strategies to accomplish their objectives. This is mainly illustrated by COFCO's actions in response to the Zero Deforestation campaign and laws.

Because there are several factors influencing COFCO's strategic adjustments, this study looks at key moderating variables, especially the internal pressures that COFCO faces. These internal pressures mainly include political mandates, like promoting the national agenda of "building a world-class grain trader". They also include economic mandates, like the guidelines set forth by the State-owned Assets Supervision and Administration Commission (SASAC).

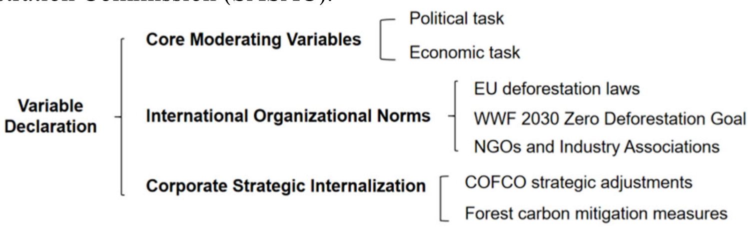

Fig. 2. Variable Declaration

Case Study. IGOs' legal, public, and industrial pressure on the Zero Deforestation agenda is the main form of pressure application. Transnational consultation and collaboration, as well as COFCO's logical strategic planning in response to organizational demands from around the world, are examples of action responses. The pragmatic actions taken by COFCO in the Brazilian soybean sector based on logical analysis are referred to as strategic adjustments.

2.3 Case Selection

Brazil has cleared large areas of forest to cultivate soybeans since modern times, which has had a significant impact on forest areas [9]. Conflicts between national sovereignty and international obligations, as well as different stances on climate between the Global South and North, are the contradictions that must be contended with [10]. This study chose Brazil as the case study subject because of the Amazon Rainforest's significance, the substantial effects of Brazil's soybean industry on its forests, and Brazil's ongoing involvement in international governance.

China established strong economic relations with Brazil, especially in the soybean trade [11]. Chinese firms thus became involved in the effects of the Brazilian soybean industry on the forest by way of business commerce, and their operations became a determining factor in the success of the global Zero Deforestation objective. However, with emphasis on scale, efficiency, and regular supply, Chinese firms have traditionally employed conventional models of foreign expansion, such as exports, direct investment, and mergers and acquisitions [12]. This policy operates in opposition to the environmental expectations, creating intricate interdependencies between Chinese firms overseas and international institutions.

Chinese agricultural behemoths like COFCO have made firm promises and greatly expanded their discussions of Zero Deforestation in recent years. These pledges are a reaction to the continuous pressure from the global community. COFCO is also subject to internal pressure. The SASAC expects COFCO to increase economic value and hopes that it will challenge the long-standing dominance of foreign brands in the market and increase the strategic value of China's agricultural industry globally [13]. To compete with the dominance of the top four grain traders in the world, COFCO is charged with boosting national economic development and advancing its objective of becoming a world-class grain merchant. Because of the dual characteristics, COFCO is a representative research subject and an excellent example.

3 Methodology

Because of the complexity of the interactions between several actors and the nature of the research question, this study employs a qualitative case study methodology.

3.1 Research Design

With a single-case study design, the research looks at COFCO's response to the strategic development of the Zero Deforestation agenda. To identify the mechanisms of the causal relationship between international pressures and the level of strategic internalization by the company, the research adopts a process-tracing method, analyzing the historical context and current status of the case [14]. This method has the advantage of giving a thorough explanation of the process and identifying underlying mechanisms. It is well-suited for investigating the intricate ways that international regulations affect the adjustments of corporations. Conversely, other quantitative or comparative approaches frequently fail to identify intermediary mechanisms.

3.2 Data Collection

The WWF reports on the Zero Deforestation campaign, the EUDR, along with interpretive documents, were first systematically examined. Second, publicly accessible press releases and reports released by COFCO, such as the Corporate Social Responsibility Report. Third, a review of the SASAC policy guidelines about the "development into world-class enterprises" and "high-quality development" of central enterprises. Fourth, reputable studies and articles about the governance of the Amazon rainforest, the global agricultural trade, and the Brazilian soybean industry. Lastly, the study monitored news and announcements about COFCO's activities in Brazil, sustainable soybean trade, and the EUDR compliance developments from the official website of COFCO, the official gazette of the EU, and prominent media outlets.

All of the data used in this study were obtained from publicly available sources and then cross-checked via multiple channels to improve their reliability and credibility.

3.3 Data Analysis Method

This study uses content analysis to arrange and integrate the extracted evidence chronologically. Two significant events are emphasized: the implementation of the EUDR after 2023 and the period around 2015 when WWF-led soft initiatives were prevalent. The study makes it evident how COFCO's strategic focus changed from risk-averse compliance to value-creating internalization by contrasting its statements and actions during these two periods. Initially, every text that was gathered was examined to find terms and expressions associated with business strategy. Compliance, sustainable development, Zero Deforestation, and phrases about supply chains, certification, and international collaboration are some examples of these keywords. The drivers and mechanisms underlying shifts were examined by classifying and comparing strategic statements and practices at various points in time.

4 COFCO's Strategic Adjustment to IGO Pressure

4.1 Pressure Exertion

International Pressure: The International "Zero Deforestation" Agenda. Moral arguments have given way to legal restrictions in the international Zero Deforestation agenda, which has changed the level of pressure on COFCO. Reputational risk was the main form of pressure, and Zero Deforestation was more of an industry initiative and moral commitment around 2015. For instance, due to supply chain opacity, COFCO's early soybean procurement in Brazil was criticized by IGOs and did harm to its reputation. International pressure changed to hard regulations after 2023, when the EUDR became law. The EUDR places strict legal requirements.

Internal Pressure: Political Mission and Economic Tasks. Large state-owned businesses have to consistently generate economic value to support China's economic development. However, China's deeper involvement in the global grain trade is hampered by the four major grain traders' dominance in the international market, which also limits China's influence on pertinent issues.

COFCO's core responsibilities could be threatened by the Zero Deforestation movement. Economically, violation of the EUDR would cause the producer to lose a significant volume of customer orders in global markets. If COFCO goes ahead with the development of its soybean business in Brazil as originally intended, its international reputation would be severely damaged, and it would be unable to rank as a leading grain merchant and be included in the global system of trading.

4.2 Strategic Responses

COFCO adopted a multifaceted strategy in response to the dual stresses. The Sustainable Soybean and Corn Procurement Policy was the result of it. This promotes its supply chain's resilience and competitiveness in international markets, in addition to being in line with the Zero Deforestation agenda [15]. Initially, its response consisted solely of requesting that suppliers either provide minimum compliance certificates or refrain from purchasing from publicly disclosed deforestation hotspot locations [16].

Since supply chain management systems and core strategy have not yet fully incorporated sustainability requirements, the strategic focus has remained on scale, efficiency, and cost control. The reaction of COFCO changed to a proactive and forward-thinking strategic internalization in response to the EUDR.

COFCO adopted a three-pronged approach, concentrating on social, strategic, and economic values in response to domestic pressures [17]. To establish a responsible corporate image, COFCO signed a five-year certified Zero Deforestation agreement and secured domestic clients. This strategy facilitated market expansion and advanced the political goal of establishing a premier grain merchant.

4.3 Strategic Adjustment: Overseas Experience Under Dual Constraints

Strategic reframing is the process by which businesses try to realign their behavior by reinterpreting external control and internal goals [18]. When responding to outside pressures, businesses can develop a new strategic framework. As Table 1 shows, COFCO's actions demonstrate its capacity to withstand pressures.

Adjustment of Development Goals. In reaction to the Zero Deforestation commitments, COFCO reframed external requirements as a key factor in facilitating the company's long-term competitiveness. COFCO's Zero Deforestation goal was rescheduled from 2030 to 2025. In order to boost its competitiveness and reposition its brand globally, the company made this strategic change.

Strengthening Supply Chain Traceability and Compliance. COFCO has improved supply chain traceability to ensure regulatory compliance and to make investigations more efficient and transparent. With the aid of mathematical algorithms, COFCO can quickly acquire logistics data, allowing it to provide a reliable and lawful food supply in multiple locations [19]. By making Zero Deforestation one of its main strategic goals and ensuring supply chain transparency, COFCO's approach exemplifies strategic reframing to go beyond simple regulatory compliance.

Strengthening and Participating in International Cooperation. COFCO's model for partnering with foreign suppliers has shifted from passive engagement to active management and standards-setting. COFCO participates in industry forums such as the Agricultural and Food Industry 1.5°C Climate Pathway and the Soft Commodities Forum. It became a member of the Green Value Chain Working Group of the World Economic Forum. All of these initiatives seek to increase COFCO's visibility and impact globally while advancing sustainable soybean supply chains in China.

Table 1. Strategic Adjustment: Overseas Experience Under Dual Constraints

Stage	External Pressures	Internal Constraints	Key Responses	Outcomes and Impacts
Around 2015	WWF initiative, reputation risk	Market entry, competition	Avoid sourcing from deforested areas	- Defensive approach - Minimal sustainability integration
Post-2023	EUDR regulations, market access pressure	Political mission, economic tasks	Enhance supply chain traceability	- Proactive shift - Improved ESG rating, stronger market position
2024-2025	EUDR compliance, sustainable demand	Competition, internal coordination	Strengthen supply chain, finance tools	- Leadership boost - Enhanced competitiveness
Post-2026	Global climate pressures, trade barriers	National support	Strengthen international cooperation	- Global leader - Expanded market share, reduced trade barriers

4.4 Effects and Challenges

A company's adjustment tactics and actions may also affect the development of external regulations and industry standards. By supporting sustainable development and regulations, companies indirectly encourage international organizations to concentrate more on the feasibility and market impact of practical implementation when developing new regulations. The improvement of the EUDR may be influenced by the experiences of companies such as COFCO. This could aid in the development of a more logical framework as well as modifications to regulatory details.

Conflicts between efficiency and large-scale production, as well as between the need for expensive equipment and low-cost demands, are some of the challenges COFCO faces. Furthermore, enhancing its discourse power is challenging due to the geopolitical factors. The reason is that trade protectionism might exploit the Zero Deforestation to target Chinese companies and obstruct their global expansion.

5 Discussion

This study indicates that COFCO has strategically shifted from passive compliance to active internalization in response to the Zero Deforestation agenda. This finding expands understanding of traditional institutional theory and corporate strategic response mechanisms. Mainstream theories claim that companies respond to institutional pressure from the outside as passive recipients in a linear and defensive manner. The COFCO case, however, demonstrates a more intricate and proactive procedure.

The dual-task-driven action logic of Chinese businesses provides a novel framework for behavior analysis. It draws attention to how important internal political-economic factors are. The study demonstrates that domestic pressure has an indirect impact on the extent of corporate change. The study provides an empirical addition to the corporate interaction model of IGOs. Businesses driven by political-economic dual tasks are more likely to use institutional pressure as a strategic tool to accomplish the dual embedding of international regulations and internal tasks.

Data bias and insufficient external validation may have resulted from this study's reliance on a single case and publicly available records. Through multi-case comparisons, quantitative analysis, or in-depth interviews, future research could confirm the generalizability and boundary conditions of the "international institutional pressure—SOE strategic internalization" mechanism.

6 Conclusion

Businesses are pushed from passive compliance to active internalization by the policies and laws of international organizations. This process is a strategic interpretation and dynamic adjustment within the enterprise's political-economic dual tasks rather than a simple external imposition. With the goal of going from baseline compliance to value creation, COFCO has incorporated external environmental standards into its core strategy through actions like modifying development goals, enhancing supply chain traceability, and expanding international collaboration.

Business strategic decisions are influenced by the Zero Deforestation aim of international organizations through a variety of pressures, rather than just one necessary obligation. To drive ecological transformation, businesses deliberately reinterpret and transform external pressure into a key element of their internal strategy rather than being passive recipients of it. According to the theoretical significance of the dual-task framework, Chinese state-owned enterprises' foreign strategic responses are driven by the political-economic dual tasks. This method offers a fresh viewpoint on their global governance strategy.

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