



Con el patrocinio de



Ministerio Federal
de Alimentación
y Agricultura

en virtud de un acuerdo
del Bundestag alemán

Stakeholder Views on Traceability Solutions for the EUDR

Key findings

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A research project conducted on behalf of
Agricultural Policy Dialogue Brazil-Germany (APD)



Research focus and questions

Methodology:

Interviews were conducted with stakeholders from the soy sector in Brazil, Argentina and Paraguay.

Our main questions of interest were:

- Where are the critical gaps in the current traceability solutions?
- Which are the costs of closing these gaps in the short- and long term?
- What are the possible “risk mitigation measures” to close the traceability gaps?
- Which safeguards are necessary to maintain smallholder exports?

1. Where are the **critical gaps** in the current traceability solutions?



Physical segregation is a challenge as soy logistics and infrastructure in all countries is built to pool soy volumes.



High risk perceptions regarding non-compliance related to indirect suppliers (cooperatives, dealers, elevators).



Unclear procedures and criteria for how to comply with the regulation.



Ensuring that **sensitive information** remains anonymized throughout the supply chain is a key challenge.

1. Where are the **critical gaps** in the current traceability solutions?



Divergences between different monitoring systems/databases as well as **low quality maps** constitutes a risk of arbitrary detection of non-compliance.



Identification of **human rights compliance** remains **complex** and has lacked priority.



Gaining producers' confidence to ensure their engagement in traceability solutions.

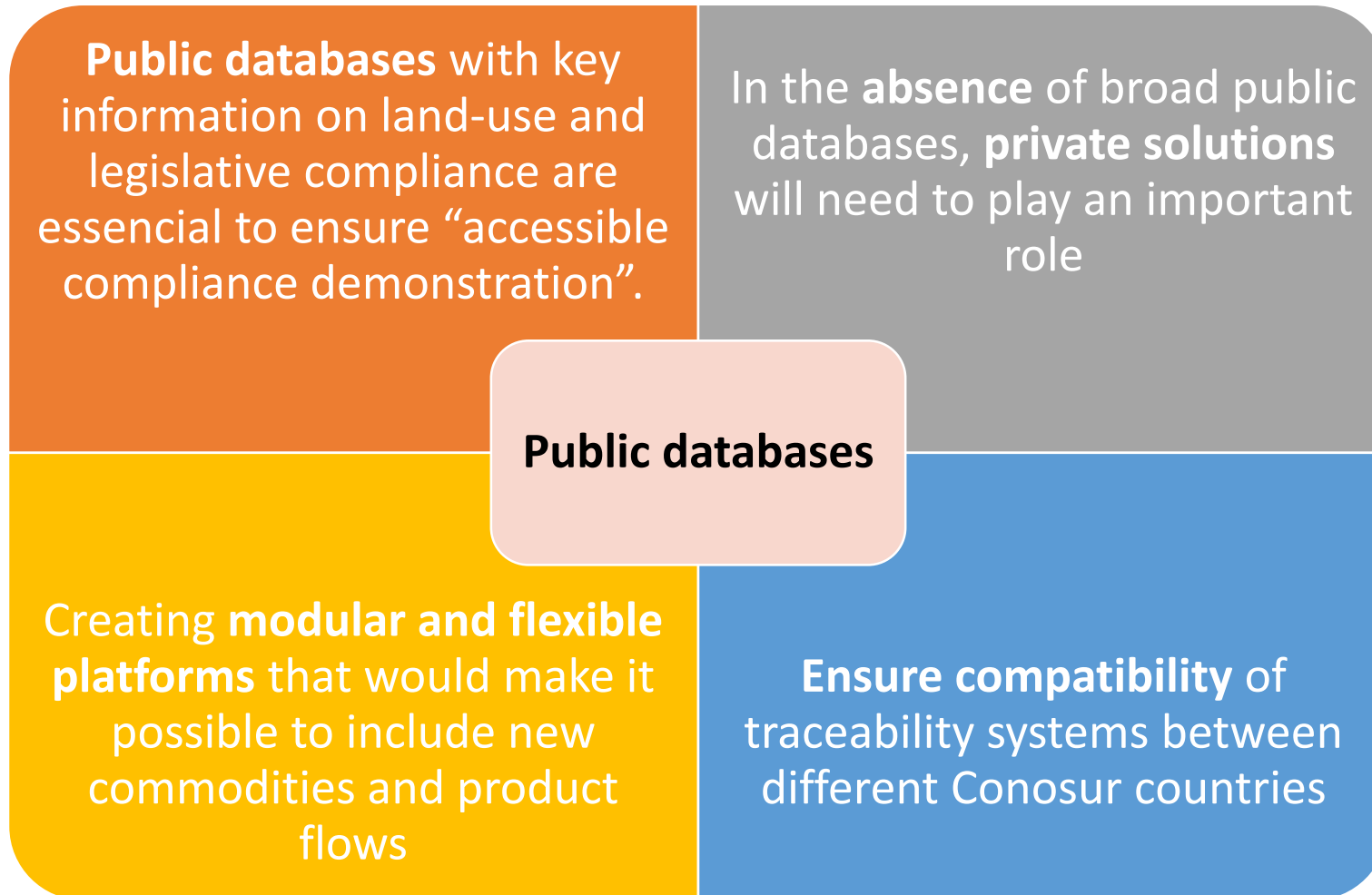
2. Which are the **costs** of closing these gaps in the short and long term?

- **Risk aversion** by traders could limit horizontal transactions between these actors.
- **Long chains** (larger number of intermediaries) will generate higher transaction costs, feeding a **vertical integration trend**.
- **Adaptation costs** to the EUDR traceability demands could fall on producers, amongst which small- and medium-sized producers would be disproportionately affected
 - Estimates of cost increases around **5-10%** for large companies, **likely more** for smaller actors.
- Producers unable to demonstrate EUDR compliance could have to incur the costs associated with **marketing their products at a discount**.

2. Which are the **costs** of closing these gaps in the short and long term?

- **Human rights compliance** through *in locus* verification would be extremely costly and prolonged.
- Buyers in the EU have thus far been **unwilling to incur costs** associated with EUDR compliance.
- **Lack of cost-sharing measures** have made some actors consider whether to continue supplying the EU.
- **A *priori* exclusion** of suppliers as a risk management strategy would also be associated with costs to producers, traders, consumers.

3. What are the possible “risk mitigation measures” to close the traceability gaps?



3. What are the possible “risk mitigation measures” to close the traceability gaps?

Legal compliance should be verified by local/national governments, and this verification process should be accepted by the EU.

An interpretation of **negligible risk** that would allow for a transition period and a minimal risk associated with 3% of volumes in 2025, 2% in 2026, and 1 % in 2027.

Creation of **data containers to ensure non-disclosure** of sensitive information related to producers.

Capacity building projects focusing on exporters and not only operators would be important to facilitate adaptation and compliance.

EU authorities could **accept national databases** as reference of forest cover/deforestation when there is scientific proof of higher classification accuracy.

4. Which **safeguards** are necessary to maintain smallholder exports?

- Adaptation costs associated with traceability could be difficult to carry for smallholders. **Cost-sharing mechanisms** are therefore key.
- **Information campaigns** targeting smallholders and facilitating engagement with traceability are essential.
- **Segregation corridors** could lead to **verticalization**, with disproportionate effects on smallholders.
- **Ensuring land titles** for smallholders is key to including these actors within traceability systems.
- **More time** to smallholder adaptation.





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Obrigado / Gracias / Aguyjé / Danke !

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