

# RECENT DEVELOPMENTS IN EUDR AND CSDD

IMPACT ON SMALLHOLDERS?

**Date:** 1 August 2025, Tokyo Japan

**Occasion:** seminar IGES - Beyond Certification: European Regulations and the Call for Corporate Responsibility and Co-Creation at Origin

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## EUROPEAN UNION POLICIES FOR SUSTAINABLE CONSUMPTION AND PROTECTION OF HUMAN RIGHTS AND THE ENVIRONMENT

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2. Solidaridad's vision and advocacy
  - a. European Deforestation Regulation (EUDR)
  - b. Corporate Sustainability Due Diligence Directive (CSDDD)
3. Current concerns surrounding the implementation of the legislation
4. Key messages for Japanese companies procuring agricultural products

# 1. HOW IT STARTED 5 YEARS AGO

EU POLICIES TO PROTECT FORESTS AND  
MAKE CONSUMPTION SUSTAINABLE

# THE REASONS BEHIND THE EUROPEAN UNION'S DEFORESTATION REGULATION (EUDR)

## 3 REASONS THE EUROPEAN COMMISSION MENTIONS

1. The large role of deforestation in climate change, and the role of EU consumption in driving it
1. According to EU voluntary measures have not done enough to reduce deforestation
1. Companies that do act and reduce deforestation in supply chains have a disadvantage against companies that are not doing anything (levelling playing field)

Reference: [EU Communication \(2019\)](#) on stepping up EU action to protect and restore the world's forests

# 5 YEARS AGO

## THE REASONS BEHIND THE CSDDD

According to the European Commission:

- “The aim of this Directive is to foster sustainable and responsible corporate behaviour in companies’ operations and across their global value chains. The new rules will ensure that companies in scope **identify and address adverse human rights and environmental impacts** of their actions inside and outside Europe.”
- “The increasing complexity and global nature of value chains makes it challenging for companies to get **reliable information** on business partners’ operations.”
- “The fragmentation of national rules on corporate, sustainability-related due diligence obligations further slows down the take-up of good practices.”

# COMPANIES ASKING FOR EU-WIDE DUE DILIGENCE REGULATION

## Encouraging sustainable cocoa product case for EU due diligence regulation

“An EU-wide regulation would have **benefits for companies** in the cocoa supply chain, providing a common framework through which they can show how they are seeking to identify and mitigate human rights and environmental risks. It would eliminate free riders and close loopholes, **ensuring a level playing field** for all companies. In addition, predictability and consistency with a single EU jurisdictional approach – rather than with many different systems at member-state level – would significantly increase legal certainty for companies and enhance the possibility to **act at scale and in a consistent manner** among different actors of the supply chain.”

Joint position paper on the EU's policy and regulatory approach to cocoa, 2 December 2019 [link](#)

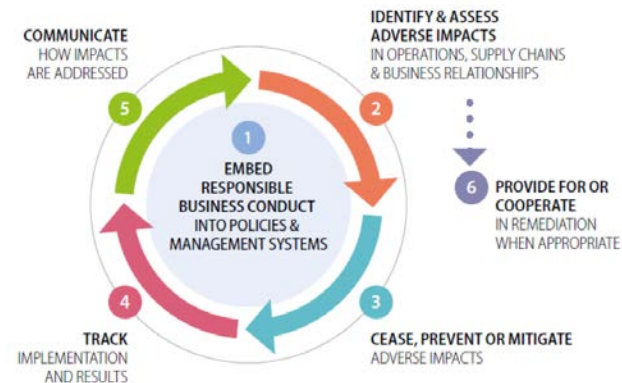


# BUILDING ON INTERNATIONAL STANDARDS

## THE FOUNDATIONS OF DUE DILIGENCE

For multinational companies, due diligence is nothing new. When implementing one of these standards in a structural way throughout all operations, legal compliance follows naturally.

- The United Nations Guiding Principles on Business and Human Rights (UNGPs): protect, respect and remedy framework
- The Organization for Economic Co-operation and Development (OECD)
  - Guidelines for Multinational Enterprises
  - Diligence Guidance for Responsible Business Conduct
  - OECD sector-specific guidance instruments: minerals, agriculture, garment, etc.



## 2. Solidaridad's advocacy

What is our vision on EUDR and CSDDDD?



# In 2020: Solidaridad on value chain due diligence

## From voluntary to mandatory

- So far, **voluntary sustainability standards** and initiatives have played an important role in driving positive improvements in value chains.
- However, these initiatives have **limited potential** to structurally resolve human rights violations and environmental damages in production landscapes such as child labour, forced labour, poverty, deforestation, land grabbing, pollution, etc.
- Moreover, voluntary sustainability standards and initiatives currently only **cover a limited part of the production** as not all business enterprises choose to use them.
- Therefore, **we need mandatory approaches** next to voluntary initiatives.

# Solidaridad [position paper](#) on EUDR



## HOW?

### REGULATORY FRAMEWORK

That contributes to the respect of human rights and prevents environmental damages in production landscapes

**A**

#### Partnerships between the EU and:

- Producing countries
- Other importing countries

**B**

#### Complementary measures, such as:

- Support for the implementation of human rights and environmental instruments in producing countries
- Sustainability criteria in financial services
- Financial incentives for responsible private sector developments such as favourable tax regimes

**C**

#### Mandatory due diligence

- An obligation for companies to conduct due diligence and publicly report on implementation
- Robust enforcement regime
- Access to remedy

### AVOID UNINTENDED CONSEQUENCES

RISKS	X	MITIGATION APPROACHES	✓
Disengagement with high risk actors or regions		Risk tolerance, incentives for continuous engagement in high-risk areas and step-by-step improvements	
Cost of compliance for companies is passed on to producers		Fair cost sharing across the chain	
Companies focus on reporting rather than implementing changes on the ground		Transparent and public company reporting on implementation of corrective and preventative measures & Risk Tolerance	

# Solidaridad's advocacy

## How have we been involved in the policy process as an NGO?

- Engage policymakers, provide expert input, raise concerns, and advocate for robust, equitable regulations from a grassroots perspective.
- Invite farmers to speak in the European Parliament.
- Bring a Global South perspective into international policy debates.
- Conduct independent research, collect data on impacts, develop policy recommendations, and [publish reports](#) to inform policy.
- Work with producers (especially smallholders) to help them understand and comply, offering training and technical assistance.



Daniel Amponsah, a cocoa farmer from Ghana, shared his view on the CSDDD in a European Parliament stakeholder dialogue organized by Solidaridad, FT Intl, FTAO, RA.

# OUR ADVOCACY FOR SH INCLUSIVE EUDR AND CSDDDD

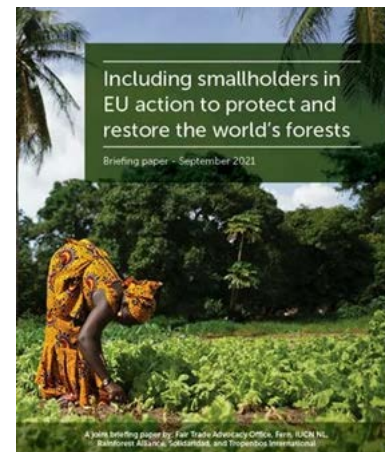
Working in close collaboration with other civil society organizations, like-minded companies, producer organizations, and multi-stakeholder initiatives

## Cocoa Coalition joint position paper The proposed EU Corporate Sustainability Due Diligence Directive

19 September 2022



The signatories to this position paper welcome the publication of the proposed EU Directive on Corporate Sustainability Due Diligence (COM(2022)71). We believe that the proposed Directive, alongside the proposed Regulation on Deforestation published in November 2021, represents an important step forward in driving the necessary transformation of the cocoa and chocolate sector, among many other areas of activity. We called for legislation for both these approaches to due diligence in the first position paper [we published in 2019](#), and in our more detailed position paper [published in October 2021](#).



# What did we achieve?

## EUDR

- Preamble: “When sourcing products, reasonable efforts should be undertaken to ensure that a **fair price** is paid to producers, in particular **smallholders**, so as to enable a **living income** and effectively address poverty as a root cause of deforestation.”
- Article 11 on **Risk mitigation**: “Such procedures and measures may also include supporting compliance with this Regulation by that operator’s suppliers, in particular smallholders, through capacity building and investments.”
- Article 30: **cooperation with third countries** should include smallholder participation.
- Article 34: review of EUDR should look into **impact on smallholders**.

# What did we achieve?

## CSDDD

- Article 14 includes a commitment of EU member states and the European Commission to **develop accompanying measures**, emphasising the provision of information and support to companies, especially SMEs, and stakeholders around the world.
- Stronger provisions for additional **support for smallholder farmers**, earlier evaluation and monitoring, **partnerships** with producing countries, and obligations for companies in supporting smallholder farmers.
- **Living income** and wage explicitly mentioned as a right.
- **Procurement Practices**: “make necessary modifications of, or improvements to, the company’s own business plan, overall strategies and operations, including purchasing practices, design and distribution practices;”
- Companies required to conduct Meaningful **Stakeholder Engagement**
- **Responsible Disengagement** as a Last Resort

### 3. Opportunities and risks

Related to the implementation of EU  
regulatory frameworks



# POTENTIAL BENEFITS OF EUDR FOR SMALLHOLDERS

## OPPORTUNITIES

1. More transparency, end of anonymous buying: companies need to know from whom they source, traceability back to plot of land
2. More direct purchasing & supply chain cooperation
3. Can support longer term partnership and contracting, and including sustainability in sourcing
4. Improved legal compliance in producing countries, incl. land titles, access to credit
5. Data management tools used for knowledge transfer; if data is owned by farmers



***Stepping stone towards sustainable production?***

# CONSEQUENCES OF EUDR RISKS



## Risks

- Companies stop buying for European market from regions with high deforestation risk, or from smallholders that are not able to prove they meet requirements (less organized / lots of intermediaries/ middlemen)
- Smallholders bear large part of the costs (cost calculations differ, WAF cocoa up to 4% of FOB)
- Business enterprises will focus on reporting exclusively, without driving changes on the ground

**Risk are not new: have been there for certification (GlobalGAP, RSPO) and can be avoided**

# Concerns Regarding CSDDD Implementation

- **Shifting Burden of Responsibility:** shifting compliance burden from European companies to smallholder farmers.
- **Focus on "Best Efforts" vs. Actual Impact:** Concern that CSDDD might lean on "best efforts" rather than effective remediation; Solidaridad advocates for driving prevention and mitigation of harm.
- **Indirect Exclusion of SMEs/Smallholders:** companies' might divest from complex supply chains, indirectly affecting their small-scale suppliers.
- **Lack of Concrete Support Mechanisms:** Similar to EUDR, concerns about insufficient provisions for financial and technical support to help supply chain actors meet due diligence requirements.
- **KEY MESSAGE: Both EUDR and CSDDD are crucial, but current implementation challenges and potential for unintended consequences, especially for smallholders, remain significant concerns.**

# How Solidaridad is addressing these challenges in its work in producer countries

- In general: working with producers and coops to share information and prepare. Supporting and encouraging companies in Europe to implement EU regulatory frameworks in a smallholder inclusive way.
- ASIA: National Initiatives on Climate Smart Oil Palm Farmers (NISCOPS), listed as a flagship project by the EU's Team Europe Initiative\*
- LATAM project with coffee and cocoa farmers and EU importers: avoid exclusion of agroforestry smallholders by more accurate land-use mapping for EUDR in Peru and Honduras.
- Impact study of EUDR on cocoa and coffee value chains in Peru

\* <https://zerodeforestationhub.eu/projects/ni-scops/>

# RECENT DEVELOPMENT: EUDR and CSDDD UNDER FIRE

- July 2025: Eighteen [EU countries](#) asking Brussels for further simplification of EUDR, stating *"...the regulation imposes disproportionate bureaucratic obligations..."*
- February 2025: European Commission proposes detrimental changes to CSDDD. Solidaridad: *"...risks dismantling key provisions essential for protecting smallholder farmers and stripping the Directive of its potential to foster fairer, more resilient global supply chains. We urge the European Parliament to push back against this latest diminution of Europe's sustainability ambitions."*

## WHAT YOU ASK FOR AND WHAT YOU GET

### CSDDD (What you order)

Covers the entire supply chain  
Support for smallholders  
Assess risks across all tiers of the supply chain  
Responsible disengagement as a last resort  
Engagement with all stakeholders

### Omnibus (What you get)

Limits due diligence to direct suppliers  
Smallholders are excluded from due diligence  
Only assess when there is 'plausible information'  
No obligation for responsible disengagement  
No engagement with NGOs

# Key messages

For Japanese companies procuring  
agricultural products

# Key messages for Japanese companies procuring agricultural products

## 1. Embrace Due Diligence as Strategic Imperative:

- Global regulations demand mandatory due diligence; integrate robust human rights and environmental due diligence proactively (UNGPs, OECD Guidelines).
- View it as an investment in supply chain resilience, brand value, and consumer trust, beyond cost and compliance.

## 1. Understand & Act on Supply Chain Realities:

- Go beyond audits; invest in understanding farm-level conditions, especially for smallholders.
- Engage directly with smallholder communities for invaluable insights.
- Recognize the complexity of "deforestation-free" and "human rights compliant" on the ground.

## 1. Prioritize Smallholder Inclusion & Capacity Building

Smallholders are crucial suppliers; excluding them is unsustainable and unethical.

- Invest in their capacity:** Provide technical assistance, training, and financial support for sustainable practices and traceability.
- Foster long-term partnerships:** Build stable, equitable procurement agreements with smallholders.
- Support farmer organizations:** Work with cooperatives to scale support and amplify smallholder voices.

CHANGE  
THAT MATTERS





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