



Co-funded by
the European Union



Analysis of the Potential Trade Impact of the European Union Regulation on Deforestation-Free Products (EUDR) and the Regulation on Organic Production and Labelling of Organic Products (EU 2018/848)

on Fairtrade Small-Scale Coffee and Cocoa Producers in Latin America





This publication was produced with the Financial support of the European Union. Its contents are the sole responsibility of the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) and do not necessarily reflect the views of the European Union.

A publication by:

Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)

Credits

Authors ¹:

Erick Apuy
Lucía Gonzáles
Andrei Calderón

Review:

Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)

Design and layout:

Patricia Quezada

April 2026

¹ The study was carried out by a team of consultants contracted by CLAC to produce this specific report. The opinions expressed in this document are the sole responsibility of the authors.

Introduction

The European Union is undergoing a rapid process of regulatory transformation aimed at strengthening environmental, traceability, and sustainability standards in its agri-food supply chains. In this context, two regulations have become crucially important for the coffee and cocoa value chains in Latin America. The first is Regulation EU 2023/1115 on Deforestation-Free Products (EUDR), which redefines access to the European market by making it conditional on geographical traceability and verifiable proof of zero deforestation. and, on the other hand, the update of Regulation EU 2018/848 on organic production, in force since 2022, which tightens certification and control requirements, especially in group schemes and in the internal control systems characteristic of small-scale organized production.

Although both regulations share valuable environmental objectives, their implementation operates in practice as a new set of technical, administrative, and financial requirements that disproportionately impact smallholder producers and their organizations, particularly when their commercial integration depends on high-value markets such as the European Union. This is a critical issue for Guatemala, Brazil, Peru, and Ecuador, countries where the European market continues to play a strategic role in export flows and, therefore, in the stability of income, contracts, and bargaining power of Fairtrade producer organizations.

In this context, this executive summary is based on the full report of the same title, prepared by the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC), which presents the detailed analysis and methodology of the study. The investigation was conducted within the project “The Future is Fair”, with the support of the European Union, as part of CLAC’s efforts to strengthen the advocacy capacities of Small-scale Producers’ Organizations (SPOs) and to make visible the effects that new European Union regulations have on them.

Methodologically, the research adopts a mixed approach, integrating primary inputs gathered through interviews with producers and relevant CLAC units, and complementing them with documentary research based on reports, databases, and specialized literature. This combination makes it possible to contrast real perceptions and implementation experiences with the analysis of broader trends, risks, and scenarios. To ensure rigor and traceability, the document clearly distinguishes when a finding is derived from interviews and when it is supported by external sources.

Identification and analysis of challenges of the Deforestation-Free Products Regulation (EUDR) for small-scale coffee and cocoa producers

For Fairtrade producer organizations in these countries, which typically bring together a significant number of smallholder farmers, it is clear that, while the spirit of the EUDR and organic regulations is noble from an environmental perspective, and these objectives are aligned with Fairtrade's own motivations in terms of sustainability and human rights compliance, it is also clear that these standards are essentially non-tariff barriers to trade, with direct implications for third countries and producers.

In this regard, it is important to note that, although simultaneous compliance with both regulations represents a significant strategic challenge, many of the SPOs have a long history and have been characterized by their commitment to sustainable agriculture (a virtue that enabled them to obtain organic and Fairtrade labels in the first place). This has given them a head start in having participatory assurance systems, Internal Control Systems (ICS), and experience in social or environmental audits.

The organizations also point out that some of the practices now required were already being promoted within the certification scheme or through their own good practices, with most already promoting non-deforestation, shade

agroforestry, and compliance with essential national laws on labor, human rights, and other areas.

For many Fairtrade Small-scale Producer Organizations (SPOs), the new regulatory context represents an unprecedented rise in standards, mainly in the georeferencing of their agricultural plots, technical and practical learning in the field to avoid overlapping their land with deforested areas (or confusion in systems with other crops), as well as documentation on compliance with relevant national laws.

Meanwhile, in the case of organic production, change to the organizational structures is the most disruptive. In organic production, the level of verification and formal documentation now required is comprehensive: moving from tacit or small-scale compliance to digitally traceable compliance on a plot-by-plot basis, implies both a quantitative and qualitative leap in the management capacities of cooperatives, particularly the smallest ones; in addition to the combination of atypical contextual factors in the international market, both for coffee and cocoa, related to climate- effects, productivity, tariff changes, and distortions in international prices.



Common challenges in the EUDR implementation

This section presents the main cross-cutting challenges identified in the different countries analyzed in relation to the implementation of the EUDR. Although national and organizational contexts are diverse, shared patterns emerge that similarly affect SPOs, particularly in relation to traceability, formalization, compliance costs, coordination with public authorities, and the availability of technical capacities.

• Lack of knowledge and confusion about the regulation

The first major challenge of the EUDR was understanding the regulation. As it was a new regulation and there was initially little time to understand it, there was widespread uncertainty and misinformation, from producers in the field to administrators in cooperatives. Areas such as valid evidence to demonstrate compliance with local regulations, procedures to demonstrate compliance in the event of false positives, and technical doubts in the field about geolocation were among the main concerns of those interviewed.

The first key players to introduce them to the subject were their European buyers, who conveyed to them what, according to their understanding, the regulation consisted of and its main requirements. However, they emphasize that there were many initial inconsistencies in the information provided by buyers, firstly because they were still understanding and assessing the regulations, and secondly because even the European Union did not have answers at that time to many of the questions that arose, most of which were of a practical nature regarding their implementation.

• Georeferencing is a work in progress

An initial and cross-cutting challenge has

been to establish the georeferencing of all producers' plots. For virtually all organizations, this was the first area of focus and work in addressing the EUDR, concentrating on demonstrating the absence of deforestation, which eventually led them to direct their efforts towards georeferencing activities. Many cooperatives anticipated regulatory requirements without being certain of the exact technical criteria that buyers or the EU itself would use. Essentially, producers began their efforts when there was still a lot of misinformation, which resulted in additional costs for them or their organizations.

In all countries, organizations have had to collect GPS coordinates and polygons for each plot, upload this data to specialized platforms, and obtain deforestation risk reports. The Fairtrade system provided a satellite tool (in alliance with Satelligence) for this purpose, as well as technical support from CLAC, saving cooperatives from having to purchase their own platforms. However, the fieldwork fell to the local organizations themselves, which had to mobilize technical teams to take GPS points in remote areas, train producers, and understand how to proceed in the event of technical inconsistencies.

• False positives and technical problems with georeferencing

Although geolocation has been the starting point for most producers in the EUDR, its implementation has not been without technical difficulties. These are some of the technical problems reported by producers.

False positives for deforestation, with cases in which the tools or platforms used (to georeference polygons) mark a plot as at risk when in fact there was no logging on that farm. This can occur due to inaccuracies in boundaries or coordinates. For example, a Brazilian producer interviewed explains that different tools can draw the polygon several



meters out of place, making it appear that his farm includes a neighboring deforested plot. There can also be false alarms due to confusion with trees felled within the property for domestic use or changes in coverage (agroforestry, etc.).

Cases such as in Peru, where cooperatives detected that outdated official cadastral maps (40 years old) distorted the location of polygons when cross-referenced with satellite images, forcing them to seek solutions with the government to update that information.

When a false alert arises, documenting or collecting information for correction on the platforms is complex, as the producer (or the SPO) must obtain evidence (photos of the plot, documents) to refute it within a few days, a complex process for a smallholder farmer with limited technological access. The challenge also stems from short deadlines, in which the buyer requires prompt clarity, understanding that all this takes place within commercial contexts that cannot normally be extended much.

This highlights the need for tools to manage verification disputes, which can be complex, given that there is still a lack of clarity on the part of the EU regarding the management of disputes to raise alerts in practice (involving the producer, buyer, and the EU), as well as the criteria that apply when there is a difference in evidence between the parties.



“...producers tell me that their reports are out of date... they need to update the new information so that they can have a more realistic risk report.”

Interviews in Peru, on inaccuracies in the reports generated by Satelligence.

“...it will change by twenty meters, up to fifty meters, and that can lead to false information... with a neighboring area that was deforested.”

Coffee producer in Brazil, on inaccuracies when georeferencing points in the field.

“...there is an organization that tells me: of my three hundred members, sixty percent will have to correct (geolocation data)... they are having many false positives.”

Interviews in Peru, on inaccuracies in geolocation information already collected in the field by some organizations.

“...when we identify a false point, the producer can create evidence, but it is not an easy process for smallholder producers, who often do not have the appropriate tools...”

Coffee producer in Brazil, on the burden of proof and the ability to refute false positives in georeferencing.

Source: own elaboration based on interviews

• Multiplicity of platforms and formats used by buyers

Another challenge highlighted by interviewees is the proliferation of platforms and formats, i.e., the lack of technological standardization. In practice, European buyers are requesting geographic information in different formats or through their own computer systems. This lack of standardization means duplicate work for SPOs and producers, who must assign staff to highly operational tasks to manage data in multiple systems, taking them away from other tasks.

This multiplicity of platforms requires significant human and financial resources,

especially since many cooperatives' internal control systems are small and cannot easily cope with such a volume of digital bureaucracy. Although Fairtrade International has promoted Satelligence as a common service, in practice end buyers continue to fragment their requirements.

• Mixed experiences with the use of the Satelligence platform

Regarding Fairtrade International's partnership with Satelligence, a company specializing in the use of satellite imagery to monitor deforestation, the experiences reported by interviewees are mixed.

The process flow for using this tool can be summarized as follows: producers or their organizations collect information on farms (points/polygons) in the field, CLAC assists in cleaning and uploading the data (in addition to providing support and advice throughout the process) to the Fairinsight platform. Satelligence then returns a deforestation risk report (including alert management and false positives). This dynamic has allowed for significant progress in georeferencing without each organization having to purchase its own platform.

In general, access to this service has been a valuable resource for producers and organizations. However, it is important to highlight the difficulties that have been documented in the interviews so that they can be addressed in greater depth by CLAC and the Fairtrade system:

False positives: errors have been reported in the reports delivered due to false positives and technical inconsistencies. This could be explained by various reasons, either due to erroneous data collection in the field or inaccuracies in the system.

- Response times perceived as slow by interviewees. Some organizations indicated that they did not yet have the official reports. In this regard, CLAC notes that this has been a key factor, particularly at the beginning of the EUDR preparation process. However, throughout 2025, response times have improved and the process has been streamlined.
- Restrictions on access to data that limit CLAC's cross-sectional analysis (given that Satelligence's agreement is with Fairtrade International directly, CLAC does not have access to the data) or that limit SPO's ability to make subsequent adjustments to the data sent as a result of necessary corrections.
- Reports that are out of date due to updates

or changes in the data sent. In this regard, CLAC points out that reports are produced based on the data submitted and that, according to standards, submissions are made annually. This means that if the SPO uploaded its data to Satelligence and changes occur, for example, with the entry of new producers or plots, or conversely their departure, the SPO must upload the changes again to the tool in order to obtain a new report.

- Doubts about how to proceed when risks are detected in the reports delivered to producers and organizations. In practice, interviewees indicate that they need more support in mitigating the risks detected, since they either are unclear about how to proceed or simply do not have the resources or means to remedy the risk identified.

• Compliance with legality criteria

According to the EUDR, importers must ensure that coffee and cocoa are obtained in compliance with the country of origin's regulations on matters that go beyond environmental issues, such as labor regulations, tax regulations, indigenous rights, anti-corruption, among other areas. This requirement, given its broad interpretation and regulations, has proven to be the most complex and least understood in the field, as well as the least addressed by producers and organizations.

Although significant progress has been made in the countries, uncertainty remains as to what the EU will accept as sufficient proof, with the time factor for the EUDR to come into force being the most aggravating factor. Cooperatives are asking themselves: "Is it a private instrument? Is it a public government instrument? What tools are available?" There is ambiguity as to whether internal controls will suffice or whether they will have to obtain state certifications of legal compliance.

→ **and use rights (land tenure):** This is the critical legal factor mentioned in all countries, especially in Peru, but also in Brazil and some cases in Ecuador. This is a very broad issue that varies from country to country, as well as between regions within a country. In many cases, it responds to inherited legal, civil, or cultural figures, explained by political, indigenous, or labor processes specific to each country or region. Therefore, it is one of the regulatory issues that makes comparative or standardized analysis between the countries included in the study difficult..

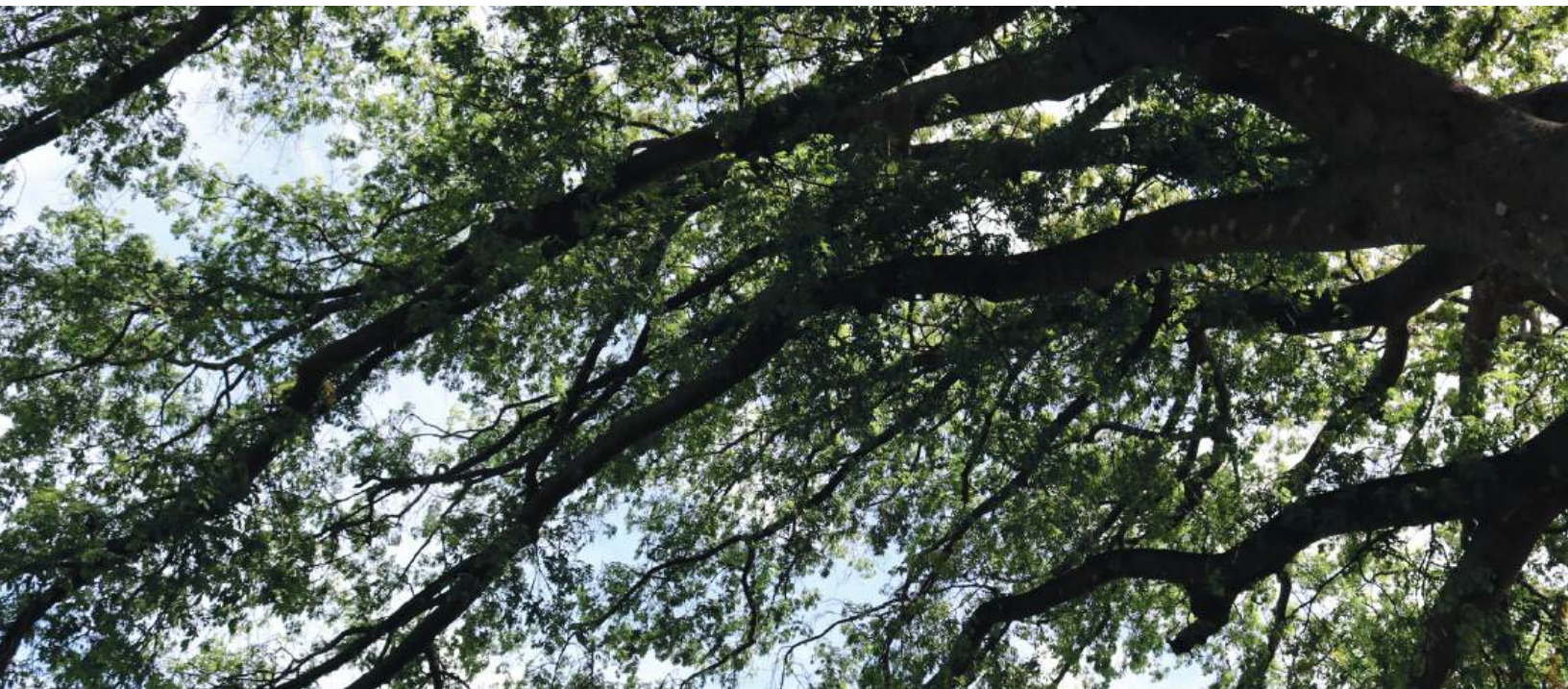
Cooperatives have chosen to mitigate this risk by identifying each case individually: they have drawn up lists of which members have titles and which do not, and are drawing up plans to support them in regularizing land ownership in the medium term.

It is important to note that informality does not automatically mean illegality: a landowner may comply with the law even if they do not have a title (for example, by paying property taxes); however, from a European perspective, there is a lack of documentary evidence of due diligence. This is a systemic risk, since if by 2025-

2026 the State does not certify the land of certain producers, organizations could be forced to exclude them from export lots to the EU in order not to risk their compliance, a scenario that some interviewees have described as a last resort, but possible.

→ **Labor regulations:** In terms of labor, which covers essential areas such as minimum wage, social security, and the prohibition of child labor, among others, the interviewees highlight that Fairtrade organizations already adhere to ethical and labor standards specific to their certification. However, they also point out that the reality of family farming is that many small producers do not yet employ formal salaried labor. They work with their families or in exchange for labor with neighbors (mingas, mano cambiada), which falls outside the formal framework of contracts or wage payments.

This raises the question of how to demonstrate labor compliance if there are no payrolls or contracts on the farm. In producer organizations with processing facilities, it is feasible to show payrolls and legal compliance as a company. But at the individual producer level, there is no clear guideline. Interviewees point out that "it is not so much that compliance is not



achieved, but rather how to demonstrate that it is achieved."

At present, many cooperatives use their internal records (farm logs where the producer notes activities, internal evaluation forms) as indirect evidence of good practices. However, they recognize that this is a persistent weakness. "There is still a weakness, in all honesty," admits one of the Peruvian producers interviewed, referring to labor records on farms.

→ **Tax and administrative obligations:**

Tax compliance is another aspect highlighted by the interviewees. In Ecuador, for example, it has been noted that smallholder farmers can benefit from simplified regimes and not all of them issue invoices for their sales, which can lead to challenges in traceability or tax implementation. Faced with increased pressure to comply with due diligence requirements for tax transparency, some producers have resisted, as issuing official invoices may mean losing access to Seguro Social Campesino, a state benefit for subsistence farmers.

In Ecuador, smallholder farmers can take advantage of simplified tax regimes designed to facilitate tax compliance for those with low incomes and informal activities. Issuing official invoices may mean that the producer is considered commercially active, which could result in the loss of access to rural social security, a state benefit that provides social protection to subsistence farmers. "Producers are reluctant to issue invoices because they don't want to lose their benefits," explain officials in Ecuador, who see this as a critical issue, as producers are forced to choose between commercial formality and social protection.

• **Compliance costs for SPOs**

Preparing for EUDR compliance involved significant costs. For example, in some cases, obtaining high-precision maps meant paying for satellite imaging or drone services; several cooperatives received donations from aid agencies for this, but others invested their own resources. In general, not all interviewees have clear or readily available data on the investments or expenses they have incurred in their EUDR preparation process. However, here are some illustrative cases:

- One of the cocoa organizations interviewed in Peru estimates that it has spent between \$60,000 and \$100,000 USD on its EUDR compliance process (including image acquisition, map and system development), approximately \$100 USD per producer, considering that it is an organization of about 600 producers, financing part of these costs with its Fairtrade Premium and the "Fair for Life" award that its organization received.
- Other Peruvian coffee organizations point to the hiring of additional staff and training for their teams for georeferencing activities, increasing the organization's operating expenses, estimating that implementing these new systems has doubled their administrative costs. For smaller organizations, even in supported cases, the human resource effort is significant.
- The Union of Cocoa Organizations of Ecuador (UNOCACE), a second-degree organization that brings together 20 base entities, points to costs related to the restructuring of the Internal Control System (ICS) and the provision of additional staff to collect and process geolocation data from productive plots. According to its initial calculations, each of its organizations, with an average base of 50 producers, would spend about \$5,000 USD on the entire process, which,

multiplied by all its organizations, meant tens of thousands of dollars, an investment that they managed to reduce through synergies and thanks to the support of an allied buyer, but which shows the scale of the challenge.

As a result of this increase in costs, pressure has been placed on the Fairtrade Premium and producers' own funds. Many of the organizations interviewed have had to allocate part of their Premium to this preparation process, detracting from other projects or usual uses of these resources, which are typical of Fairtrade dynamics. Although the Premium is flexible and belongs to the producers, its use to comply with mandatory regulations can be perceived as a "necessary expense" rather than a developmental investment, which is a paradigm shift.

• Support from buyer

A key question asked by the consulting team in the interviews was whether producers had had positive experiences of support, accompaniment, or co-financing from their Fairtrade buyers in preparing for the EUDR, compared to their other European buyers outside the Fairtrade dynamic. Respondents reported mixed experiences.

Some Fairtrade buyers from the organizations interviewed reflect a level of solidarity and support for their producers, which shows that Fairtrade values persist in new and challenging contexts. However, this profile is found in fewer cases, with the majority being those that have not delved into co-financing or price increase schemes or practices. Although some offer support in kind, such as advice or financing specific components, "it's not that they immediately disburse resources for this," in the words of one coffee organization, but rather that they themselves have limited budgets and already defined plans. This leaves SPOs in a



kind of compliance trap, as they must invest now, in the hope of maintaining their market share and avoiding sanctions, but with no guarantee of an immediate return.

- **Limitations on the use of the Fairtrade premium**

The producers and organizations interviewed pointed out that, in many cases, the Fairtrade Premium is being redirected to cover gaps in the EUDR preparation process, but without increasing it, so that every dollar spent on the EUDR means less funding for other social or community areas that the Premium would otherwise have supported.

The context has prompted the investment of the Premium to transcend the social focus traditionally associated with Fairtrade and is also demonstrating a growing commitment by producer organizations to the protection and responsible management of the environment, undoubtedly stimulated by the requirements for EUDR compliance. However, this means that redirecting it towards compliance sacrifices social and innovation goals, and in cases where there are no sales under Fairtrade or external partners, the resources are simply not enough for everything.

- **Fear of exclusion from the European market and informality**

A cross-cutting challenge has been identified

in that requirements may exclude certain producers or regions from the European market. This competitive scenario generates internal tensions, as some producers in the Fairtrade dynamic feel at a disadvantage compared to other non-associated producers who sell to "coyotes" (intermediaries) without incurring compliance costs, while still receiving immediate payment for their coffee.



Analysis of the potential impacts of the EUDR on small coffee and cocoa producer organizations

This section examines the potential impacts of the EUDR on smallholder coffee and cocoa producer organizations, based on evidence gathered from interviews and comparative analysis between countries. It addresses the expected effects in terms of market

access, compliance costs, organizational changes, and risks of exclusion, as well as the differentiated implications according to the degree of institutional preparedness, the type of certification, and the positioning in value chains toward the European Union.

Trade impacts

• Loss or redirection of exports due to non-compliance with the EUDR

In practice, it is clear that not all products that fail to comply with the EUDR are redirected to a third market, as some may remain in the domestic or regional market, others may be seen as a real loss of exports, while the latter, the most sensitive, may potentially end up in informal channels or be "laundered" via other intermediaries.

Another little-noticed risk associated with the redirection of exports is the potential "distortion" of the new market outside the European Union. This means that if a significant number of producers begin or increase their shipments to this destination, the oversupply of product could cause market price disruptions and fluctuations in established trade relations (a large increase in "diverted" supply could lower prices and make it unfeasible to place the entire volume), as well as more aggressive competition from leading market players.

Of course, this concern is amplified when one considers that this diversion would not be limited to the countries analyzed in this research, but particularly to those with higher rates of non-compliance with the EUDR, both in the region and in producing countries in Africa and Asia. Naturally, Fairtrade supply competes in value-added segments that demand and value Fair Trade, allowing it, to a certain extent, not to compete directly with other offers of lower quality or added value. It is reasonable to think that Fairtrade products would theoretically compete against other Fairtrade products.

However, it is clear that, in the event of an abrupt or unforeseen distortion in a market, all suppliers and segments have the potential to be disrupted. In general, it is important to consider the limited absorption capacity

of third markets, as not all of them have the capacity to increase it, nor can this happen in the short term.

It is also essential to consider that there may be variations in relative export prices, i.e., alternative markets may pay a lower average price than the EU, which would imply a loss of income even if the volume traded remains the same.

All this means that there is a significant probability that part of the volume that cannot be placed in the EU may not be entirely redirected to a third market. This has a greater impact on intermediate or final products (cocoa butter, chocolate, others), whose commercial dynamics are very different from those of raw materials (coffee and cocoa beans), as they require more diversified, value-added work, with more actors in the chain and dependence on market/brand resources for their final placement at points of sale, in addition to the preferences of the end consumer, who has greater weight in the purchase decision when it comes to a final product, for example, chocolate vs. cocoa beans.

• The potential impact of being a medium-risk country under the EUDR

Country benchmarking by the EU as part of the EUDR is a key issue, with potential impact for Fairtrade SPOs and producers in the countries under analysis due to the loss of competitiveness compared to other lower-risk countries. In May 2025, the European Commission established a benchmarking or risk classification system for each country based on the likelihood that these products are associated with deforestation. Each country of origin is classified into one of three categories:



Low risk: minimal likelihood of products being associated with deforestation.



Standard risk (medium): moderate risk. (Default category for most countries).



High risk: significant likelihood of linked deforestation.

This rating does not replace due diligence, but it does determine how rigorous that diligence will be for European importers and how intense the scrutiny by EU authorities will be. In the operational practice of the EUDR, being standard risk versus low risk implies:

- In low-risk origins, the European operator can apply simplified due diligence, in which they are still required to collect information and geolocation, but do not have to carry out a formal risk assessment or design mitigation measures, unless warning signs appear.
- On the other hand, when the country is classified as standard or high risk, importers must apply the full version of due diligence, in which, in addition to collecting information, they must assess the risk of deforestation and legal non-compliance, and if that risk is not insignificant, they are obliged to mitigate it (with additional audits, more exhaustive documentation or, in extreme cases, changing suppliers).
- Another key element is the minimum percentage of controls that European authorities must carry out. As highlighted, this rate varies between 1%, 3%, and 9% depending on the level of risk assigned. Being a low-risk origin does not exempt anyone from compliance, but it does reduce the number of files involved.

The "standard risk" label has specific effects:

First, European buyers working with coffee and cocoa from Ecuador, Peru, Guatemala,

or Brazil are required to exercise full due diligence. It is not enough to provide farm coordinates and basic documentation; their compliance teams must conduct a risk assessment and justify why they consider that this supplier, in this country context, does not present a more than negligible risk of deforestation or non-compliance with local legislation.

If doubts remain after this assessment, the legal obligation is to mitigate the risk, i.e., request additional information, order on-site verifications, reinforce audits, or, in extreme cases, suspend purchases until the situation is clarified. In addition, they will have a higher surveillance rate than low-risk countries, as has already been explained above.

Second, there is a possible impact on image and perception. Although the EU has insisted that no country is stigmatized by its risk rating, as it is a technical instrument, in commercial practice this can translate into a simple idea: working with this origin involves more administrative work and more regulatory exposure than working with a low-risk country.

The challenge of remaining competitive with low-risk countries:

The fact that Costa Rica, the Dominican Republic, and other origins have been classified as low risk introduces a new layer of competition. A European importer looking for coffee or cocoa for standard blends, with no particular requirements in terms of origin or highly differentiated attributes, may potentially find in practice that sourcing from a low-risk country simplifies internal steps, requires less evaluation, less documentation to justify, and is less likely to be subject to inspections. In chains where price and operational simplicity outweigh the product's value narrative, that difference can tip the balance.



This opens up a potential risk for SPOs in Ecuador, Peru, Guatemala, and Brazil in the face of a partial loss of volume business (beans for industry, bulk cocoa, commercial coffees) to low-risk suppliers, if buyers perceive that quality and price are similar and that, with the other origin, regulatory management is less costly. Of course, this is provided that the volume and price of the new supplier make sense.

In general, the EUDR emphasizes that the risk logic is based on the chain, not just the country. This means that an importer cannot justify their diligence simply by arguing that the origin of their products is low risk, nor can they perceive all suppliers in a country as standard given their rating. Instead, they must look at the specific supplier, their farms, their evidence, and understand the particular context of each of their suppliers.

This presents a strategic opportunity for Fairtrade SPOs, presenting themselves to the market (particularly customers outside the

Fairtrade dynamic) as "safe, low-risk suppliers within a standard-risk country." In other words, they can use comprehensive georeferencing, historical satellite monitoring, Internal Control Systems, and certification experience as proof that, even though the country is standard, the organization and its producers operate de facto with a forestry risk much closer to that of a low-risk origin.

The country risk rating is not static and is intended to be modified over time

It is important to note that country benchmarking is not static. The European Commission has indicated that the classification will be reviewed periodically based on new information on deforestation, forest governance, and countries' efforts to reduce risks. This outlines two potential paths for the countries under analysis:

The first is to maintain their rating as a standard risk country, which is the most



The possibility of substitution within the Fairtrade system

In the context of the EUDR and the new organic regulations, competition for Fairtrade coffee and cocoa organizations in Brazil, Ecuador, and Peru is no longer primarily from neighboring conventional producers or local non-certified exporters and could potentially shift to another scale: to other Fairtrade organizations in Africa and Asia with similar volume capacity and value propositions also aligned with sustainability.

Potentially, there is a possibility of a scenario in which, for some European buyers, the relevant comparison is no longer whether to work with a Fairtrade cooperative or a conventional intermediary, but rather in which region Fairtrade concentrates its volumes. In general, companies that purchase Fairtrade coffee and cocoa to sell in Europe with Fair Trade and sustainability attributes broadly reflect four simultaneous filters:



Regulatory compliance (EUDR and, where applicable, organic regulations).



Credible social and environmental certification (Fairtrade or other schemes).



Volume and continuity of supply.



Product quality and positioning (sensory, stories, origin).

realistic scenario in the short term. In that case, the rules described above on full due diligence for importers and continuous pressure to demonstrate that chains from these countries are effectively deforestation-free.

The second would naturally be to improve the rating to low risk. This would require demonstrating with data, from the public sphere, that the rate of deforestation has been reduced in a sustained manner, that forest law enforcement is effective, and that there is robust forest governance.

In this sense, buyers will seek to remain within this spectrum, so it is reasonable to consider that the most natural substitutions occur within Fairtrade itself

1. In cocoa: Ecuador and Peru compete directly with Fairtrade cooperatives in

Ghana, Ivory Coast, Sierra Leone, and others.

2. In coffee: Brazil and Peru compete with Ethiopia, Uganda, Tanzania, Rwanda, but also with Fairtrade origins in Asia (Vietnam, Indonesia, India) that can provide robusta or arabica varieties in volume. For its part, Guatemala competes in a different, smaller-scale scheme, more focused on quality and bean characteristics, for example, against Costa Rica or Colombia.

Changes in bargaining power and risk of marginalization

The EUDR and organic regulations have altered the dynamics of negotiation between producers and European buyers, in many cases with producer organizations and producer cooperatives having to bear a greater share of the burden, both administratively and economically.

Many importers have imposed new requirements without offering compensation in terms of price or financial support, which weakens the bargaining power of cooperatives. The Fairtrade producers interviewed have mostly expressed their concern and discouragement because, even though they are certified, "there has been no support from the buyer," stating that no differentials are paid and the extra costs of traceability are not co-financed.

A Brazilian coffee grower summed up the situation: "It's demand after demand and no extra payment," noting that he sees no "difference between Fairtrade and conventional buyers" in the context of the EUDR and in terms of who bears the cost of the adaptations (not with respect to other areas, it is worth clarifying). This exacerbates the sense of commercial injustice, as cooperatives must invest to comply with the law without receiving a clear market incentive for the time being. Consequently, producers find themselves in

a position of marginalization in negotiations, cautious about demanding better conditions for fear of losing the buyer.

Social and organizational impact

• Exclusion of small organic producers and quality of life

The most sensitive social impact is the risk that regulations, even those with sustainable objectives, may end up excluding the most vulnerable producers. As discussed in detail in Section II, the new organic conditions have introduced criteria that some SPOs and their members cannot immediately meet, mainly focused on limits on the size of organic group members, the maximum size of organic plots, or limits on annual organic product sales.

The most significant impact of the implementation of EU organic regulations is undoubtedly the exclusion of members and the socio-economic erosion that this entails, in addition to the weakening of organic farming. Interviews with SPOs have revealed how some have had to exclude members from exports, leaving them in a kind of limbo, unable to sell their products as organic through the cooperative, while they await a solution.

This scenario raises an ethical dilemma, as they are torn between the regulatory obligation to exclude them from exporting to the EU and their internal statutes of inclusion and solidarity, which prevent them from leaving their own members out. In organic matters, this is an unprecedented social dilemma for organizations whose historical purpose has been to bring together and empower small producers. The same situation occurs with regard to the EUDR.

In addition, territorial equity is also at stake, as remote rural areas with less access to information or technical support are at a disadvantage in complying on time.

This exacerbates regional disparities and concentrates opportunities among elite groups within the rural sector. On the other hand, in the long term, there is a possibility that the new groups created, while maintaining commercial and productive links between them, could develop in a heterogeneous manner, with some developing greater capacities and others lagging behind, which would further accentuate the disparity and social erosion among producers who belong, for the most part, to the same communities.

In terms of human rights, this directly impacts the right to an adequate standard of living. Decreasing the net income of economically vulnerable rural households increases the likelihood of food insecurity, indebtedness, and forced migration.

Of course, exclusion does not mean that producers stop working, but they do lose competitive advantages linked to organic and Fairtrade chains, with minimum price mechanisms, contractual stability, and technical support, which are precisely the advantages they have over conventional producers, as well as access to an institutional safety net based on Internal Control System, legal and accounting advice, and support to comply with other regulations (such as the EUDR).

• **Generational change and sustainability of SPOs**

Culturally, the need to comply with bureaucratic requirements (georeferencing, registration, digital traceability) sometimes conflicts with traditional family farming practices, creating tensions. Indigenous communities, for example, have expressed concern about being forced to formalize customary situations, such as collective land tenure or unpaid family labor.

In order to comply with European legality

criteria, they must now title land (as part of compliance with relevant local regulations required by due diligence, this is independent of the absence of deforestation), register family members as employees, or complete paperwork that was not previously necessary. Without adequate support (technical or sensitive to their realities) from the state, this becomes costly, complex, and can even be perceived as cultural interference.

Regulatory change also impacts the participation of young people in agriculture, either positively or negatively, depending on the context. In terms of organic farming, as noted above, new regulatory challenges are causing some producers to be forced out of organic farming, which, in parallel, has an impact on younger generations who do not find clear incentives or rewards to return to organic farming, but rather see their income and resources compromised.

The loss of young members not only compromises generational renewal, but also jeopardizes the sustainability of organizations in the medium term. Fewer members means a smaller productive base and lower joint sales revenues, weakening the cooperative's operational capacity and reducing its presence in the community.

• **Reconfiguration of the organizational fabric of SPOs**

One of the most sensitive impacts of the organic regulatory context is the forced reorganization of the internal structure of some organizations. The new definition Group of Operators (GoO) addressed in Section II requires that all statutory members be smallholder organic producers or in conversion.

This puts particular pressure on mixed cooperatives (organic plus conventional) that can no longer certify the entire group

and are therefore having to decide between separating the organic producers into a specific legal entity or excluding conventional producers from GoO membership and, in some cases, from the membership base itself if that entity wants to be the certified group.

On the other hand, producers that are too large for the purposes of the Regulation (organic productive land of more than 5 ha or organic sales exceeding €25,000) must be certified individually if they want to continue selling as organic to the EU.



<p>Division and administrative reconfiguration</p>	<p>Cooperatives are implementing various legal and administrative alternatives to ensure compliance with organic regulations. Essentially, most scenarios involve the separation of members or the division of their administrative structures, which erodes the cooperative and collaborative spirit that characterizes these organizations, with the potential to weaken the historical cohesion of the small-scale producer organization.</p>
<p>Internal reconsolidation</p>	<p>Some medium-sized producers have reorganized land tenure by transferring plots to family members in order to meet the 5-hectare threshold or to distribute the volume and continue to be considered small. These maneuvers preserve access to certification, but create risks for family assets and governance in the future. This has been one of the most common practices among the SPOs interviewed, as it is an alternative available to producers, with relatively low risk and one that ensures immediate continuity in organic activity. The most immediate impact is undoubtedly the legal and administrative cost of this division, while other family or financial impacts could begin to appear in the medium and long term, as family contexts change over time.</p>
<p>Partial exit from the organic dynamic</p>	<p>Members who cannot or do not want to adapt (due to size, rejection of the new rules, or cost) abandon organic certification, even if they remain in the cooperative as conventional producers or sell outside it. This means that each exit reduces the collective organic volume, distorts market prices, and erodes internal social networks.</p>
<p>Producers in uncertainty, sidelined while alternatives are sought</p>	<p>In several contexts, interviews documented how some members have been temporarily separated from the dynamics of organic exports to the EU while the organization defines which legal structure to use and how to adapt statutes, ICS, and contracts. This type of indefinite pause creates strong social uncertainty among producers, who do not know whether their commitment to organic agriculture will continue to have a market or under what conditions.</p>

Economic impacts

• Geolocation costs based on interviews

Among the cases documented in the interviews is that of a cocoa cooperative in Peru that spent between \$60,000 and \$100,000 USD on its EUDR adaptation process (image acquisition, map development, computer systems), which they estimated would amount to a cost of approximately \$100 USD per producer in that organization of around 600 members. This case illustrates the magnitude of the financial effort in a cooperative that, fortunately, had the financial capacity to meet the expenses, albeit by drawing on part of its Fairtrade Premium.

Similarly, other coffee cooperatives in Peru report that they have had to hire additional staff and train teams to collect data, doubling their usual administrative costs. In Ecuador, a second-degree cooperative initially estimated that each of its 20 base organizations (50 farms each) would spend around \$5,000 USD on the process, i.e., a total of \$100,000 USD between them all.

Taking the above cases as a reference, although they are different, they converge in a similar order of magnitude of around \$100 USD per producer for the adaptation phase alone and in expenses focused on mapping and georeferencing in the field. Naturally, quantitative research would need to be conducted among all the SPOs associated with CLAC in order to statistically extrapolate this average cost to the total number of organizations.

For its part, CLAC complements this information with important data that provides a more regional and comprehensive overview to its associated SPOs. CLAC notes that, as a result of the fieldwork they have promoted, they estimate that the average costs specifically for georeferencing range from \$15 USD per geographic point to \$60 USD per polygon for their organizations. Taking the cost of the

polygon as a reference, this value is consistent with the average ticket cost estimated above, considering that this calculation may incorporate some other expenses related to geolocation.

• Pressure on the economic sustainability of cooperatives

The sum of additional costs and the absence of compensatory income clearly have the potential to impact organizations' finances, putting their economic stability at risk. Many SPOs were already operating on tight margins, addressing challenges related to climate, productivity, and market disruptions, now compounded by regulatory obligations that have increased their expenses without compensation in the sale price.

Respondents from all countries agree that "the additional effort is not compensated," with the costs of audits, controls, and organic segregation being absorbed by the producers themselves, without the market rewarding this difference. In Guatemala, they point out that "organic coffee prices are almost the same as conventional coffee prices," which has led some to abandon organic certification because they no longer see it as profitable to pay for inspections and paperwork without obtaining a price differential.

In Brazil, one organization reported that "organic certification was very expensive and, with no buyers willing to pay more, we ended up selling the coffee as conventional." These testimonies show a weakening of economic incentives, with cooperatives facing losses or having to subsidize sustainability with their own funds.

In several cases, SPOs have had to go into debt or seek grants to finance the transition, which increases their financial risk. Those that do not obtain external support could potentially face liquidity risk if expenses continue to rise without being offset by price increases.

Characterization of challenges by country in the face of the EUDR

Ecuador



Ecuador stands out for its high-level export organizations of fine aroma cocoa, many of which combine Fairtrade and organic certifications. As a special feature, it has consolidated second-degree structures (a union of cooperatives that brings together hundreds of producers).

Ecuadorians cite the knowledge and awareness they have gained through the EUDR process as strengths. Discussion of the standard in workshops and assemblies, including spaces promoted by CLAC, enabled producers to become more technically informed.

Strategic European customers have also played a positive role: second-degree SPOs shared a common main buyer, which they highlight as the first y to support them in meeting the new requirements. Taking advantage of a trusting commercial relationship, this importer channeled international cooperation and, together with the organization, designed monitoring tools and provided training. As a result, both entities managed to implement almost "100% of the tools needed to comply with the regulations." This case exemplifies how buyer-producer alliances can facilitate adaptation, in contrast to organizations without anchor buyers that have had to face the process with fewer resources.



However, among the particular challenges of the Ecuadorian case are:

1. Tax formalization and social security: there is a dilemma with small-scale Ecuadorian farmers who receive Social Security for Farmers. To maintain this benefit, many traditionally do not register with the Single Taxpayer Registry (RUC) because having registered commercial activities could exclude them from the social security scheme. Given that the EUDR is pushing for all transactions to be traceable, ideally with invoices, this has generated a level of resistance to change.

2. Generational transition and labor: Ecuador has strong cocoa cooperatives, but with an apparently aging social base. This is relevant to EUDR, as the adoption of new technologies (GPS, traceability systems) and processes tends to encounter less resistance and greater adaptation with younger generations. The cooperatives are trying to recruit young people into cocoa, but it is a slow process. If they do not succeed, in a few years they could face a shortage of qualified personnel for traceability tasks, which would jeopardize the sustainability of compliance.

3. Coordination with local authorities: Leaders of producer organizations mentioned that one weakness is "engagement with local entities... communication with the public entities that provide EUDR guidelines needs to be strengthened." In other words, the organization believes that cooperatives need greater alignment with the Ecuadorian ministries or bodies responsible for implementing the EUDR. Organizations want clarity on, for example, what the government considers to be proof of legal compliance (will it be enough to be in the land registry? Will there be a government deforestation-free certificate?).

In conclusion, Ecuador presents a relatively positive picture in environmental terms (high compliance with non-deforestation, where many of the production areas, especially on the west coast, are old, meaning that the forests were deforested long ago) and is proactive in organizational terms, supported by key buyers. The points of attention are the formalization of small-scale producers and generational renewal, which must be addressed to ensure continued compliance.



Peru is a key country for coffee and cocoa in Latin America and the Caribbean. It is an exporter of Arabica coffee and one of the world's largest producers of fine aroma cocoa. Fairtrade organizations in Peru are generally quite developed, many of them being long-established coffee cooperatives, while several cocoa cooperatives emerged after alternative development programs.

Peru is unique in that a large proportion of its producers were already certified as organic in addition to Fairtrade, meaning that a significant portion of the cocoa exported by cooperatives is organic. This meant that the EU regulatory changes had a double impact.

The country stands out both for its significant dependence on the European market, particularly for organic cocoa and specialty coffee, and for some internal structural challenges that complicate the implementation of the EUDR, especially those related to land tenure.

Several of the Peruvian organizations interviewed have been pioneers in preparing for the new context, starting early with georeferencing activities. However, they have faced, and continue to face, systemic problems of agricultural informality and a diverse geographical environment that has a relative impact on compliance.

However, among the particular challenges in the Peruvian case are:

1. Gap between producers according to their level of organization: in the central jungle (Junín, Pasco), where historic coffee cooperatives are located, coffee farming has existed for more than a century (founded since the time of the Peruvian Corporation, it is mentioned). This means that many areas were deforested decades ago and today's

coffee plantations are located in established agroforestry landscapes with shade and biodiversity.

One of the leaders interviewed indicates that "in the area... the conditions for generating new deforestation would not be very aggressive," since the agricultural frontier arrived long ago and now the problem is rather the degradation of existing soils.

Indeed, in the Central Jungle, the transition to other crops such as ginger caused erosion, moving farmers to higher areas, but without extending the agricultural frontier much further in recent years. This works in favor of the deforestation regulation, considering that, potentially, most coffee growers in Fairtrade organizations would not have cut down primary forests after 2020.

According to the interviews, one challenge evident in Peru stems from the large number of small, unassociated producers with low levels of formalization. It is estimated that, in these regions, for every 10 producers, only 4 are in organizations, while 6 operate independently or informally. Those who are organized "have been working for two years to gather information," while those who are not organized "do not have much information, which is a problem for them right now because they are not aware of the situation." This means that, although the leading cooperatives could comply with the EUDR relatively soon, there is a segment of vulnerable producers (those who are not members, often poorer) who would be excluded from the EU market because they cannot provide any proof.

Aware of this, the Peruvian government has emphasized efforts to include everyone in the Producer Registry and to map 100% of the country's coffee and cocoa plantations. One of the cooperatives in Pichanaki interviewed considers this goal unrealistic, as they believe that the focus should first be on identifying groups of producers who do qualify for the EUDR (because they did not deforest after 2020), so as not to squander resources by mapping everyone indiscriminately.



2. Land tenure: Peru stands out for its high level of informality in rural property ownership. Entire regions of the Amazon and other rural areas of the country were colonized without proper titling. According to testimonies, a significant proportion of producers lack formal title or have problems proving their tenure.

Even more concerning, the interviews indicate that a significant number of producers are located on land categorized as "forest use" or protected by law, where agricultural activities are restricted (even if they deforested 20 years ago and now grow coffee). This poses an operational risk for organizations under the EUDR if they maintain partners on land classified as forest.

In this sense, organizations bear a potential legal risk when submitting legal compliance statements, which could be sensitive if any of their partners are in a non-agricultural area.

3. Capacities and human resources: producer organizations report that they are still working to strengthen their team's skills in order to respond to all the new demands. For example, not all technicians were proficient in Geographic Information Systems and had to be trained intensively or the organization had to hire specialists. Legal personnel have also been needed to advise on issues of titles and contracts, something that few agricultural cooperatives have on their payroll. This requires investment in training, which, once again, has been covered with support from international cooperation, NGOs, and the Fairtrade Premium.

One point that stands out in interviews is that in Peru, public-private coordination improved over time after some disagreements over the duplication of information requests by different government agencies. In response to complaints from organizations and producers, the government began to centralize and unify efforts to move forward in a better way. By the end of 2025, there is a perception of a more fluid climate of dialogue between producer associations and authorities, with joint working groups.

4. Commercial impact and market pressure: Interviewees also discussed the pressure their buyers have put on them during this process. Throughout 2025, some importers were conducting simulations or pre-compliance exercises, evaluating data from Peruvian producers, their responsiveness, and the type of evidence provided for due diligence.

In summary, Peru has leading cooperatives that are committed and have made significant progress, but there are also significant structural obstacles (land, informality). The Peruvian strategy combines internal measures (temporarily excluding non-regularized farms, training technicians, redoubling ICS) with external advocacy (pressuring the government to adapt laws, attracting international cooperation).

For Peruvian producers, long-term success with EUDR will largely depend on the state's ability to articulate a special legalization framework for small farmers before 2026. According to CLAC, there is a high incidence of alerts in Peru regarding documentation, and one of the problems has been in areas that were no longer cultivated and where a process of natural regeneration subsequently began, which would now be identified as secondary forest.



Brazil approaches the EUDR from a unique position as a giant coffee agro-exporter, the largest in the world with nearly a third of global coffee production, where small-scale producer cooperatives and larger-scale exporters coexist with different realities, in addition to historical challenges associated with deforestation in the Amazon regions.

Fairtrade organizations in Brazil have the advantage that many environmental practices have been implemented for years. In the context of Fairtrade, Brazil is surprising in that it has a small number of Fairtrade-certified coffee organizations, especially considering its size.

However, among the particular challenges in the Brazilian case are:

1. Background in monitoring systems: For years, Brazil has had the Cadastro Ambiental Rural (CAR), a mandatory registry where all rural properties, small or large, must delineate their perimeter and legal reserve areas. When registering their properties, they provide geospatial data and acknowledge their environmental obligations under official supervision. This means that georeferenced mapping is already a widespread practice.

In fact, Brazilian leaders indicate that "here in Brazil we have a map of all rural units" and that the cooperatives proceeded in a very practical manner to upload this data to the Satelligence platform, facilitated by the Fairtrade system, with some necessary adjustments to the data, given that the CAR provides a map of the entire farm, but from this, the areas under coffee cultivation must be specifically delimited in the EUDR context.

However, the CAR does not necessarily prove the absence of deforestation after 2020, especially if there was undeclared illegal deforestation. In this regard, coffee organizations in Brazil will likely need support to analyze their members' CAR

coffee cultivation into forest, which would be recorded by satellite but not in official documents). Despite this, the CAR remains a competitive advantage over other countries without an equivalent tool.



2. Confusion in the implementation of the standard and multiple requirements:

In Brazil, there is great uncertainty regarding the practical implementation of the European regulation, mainly because it appears that European buyers themselves are still unclear about the compliance mechanisms. This is compounded by the multiplicity of traceability platforms that importers are testing, each with different formats.

Despite having geolocation data, Brazilians express uncertainty about exactly how the EU will monitor and use that data. The postponement of the EUDR's entry into force and the lack of concrete guidelines on the practical application of the requirements have generated some skepticism among producers, as well as clear confusion.

3. Possible false positives and boundary conflicts: Brazil faces the issue of false positives due to inaccurate georeferencing. Cooperatives that have compared different systems note that property boundaries can shift by meters on one map or another, sometimes giving the appearance that a coffee plantation has encroached on an adjacent deforested area. This is especially sensitive in regions where there are preservation areas or legal reserves within the plots, as a slight error in coordinates could indicate deforestation where there is none.

4. Legality criteria: Brazil's legal ecosystem may reflect a more organized agrarian system than Peru's. This supports the fact that a significant proportion of small-scale producers, associated with fewer cooperatives and coffee-producing organizations, own title to their land or are in legally recognized settlements. In general, land tenure is not among the pain points of the organizations interviewed (in contrast to what has been observed in Peru and even Ecuador, for example).

In terms of labor and human rights, the organizations indicate that they protect themselves, in addition to their own compliance standards, by verifying that there are no complaints or sanctions against their producers. It was noted that it is normal for buyers to request verification that no supplier appears on "blacklists," which are public or private records that identify employers or entities with sanctions or a history of labor or human rights violations, and that buyers consult these lists as part of their due diligence on suppliers.

Legal compliance does not appear to be among the most serious pain points for the organizations interviewed, probably because Brazil, with its robust and mature coffee infrastructure, given its global weight in this market, as well as a stronger state structure, has better developed inputs or has reached a higher level of coffee producers, which not only serves as evidence before the EUDR, but also reflects a larger-scale approach to agro-export activity.

In summary, it appears that the organizations interviewed are well prepared for the EUDR in terms of georeferencing, but have some doubts about the consistency of the platforms and methodologies used by the market and by their European buyers. Among their challenges are possible data interpretation errors (false positives), for which they advocate clarity and rapid rectification tools. There is no land tenure crisis or labor informality as severe as in other countries, although there is concern about the documentary or administrative overload for organizations, depending on their scale.



Guatemala



Guatemala has small-scale coffee producers organized into Fairtrade cooperatives, many of which are also involved in organic farming, with the participation of indigenous producers with small farms. This means that the majority qualify as "small" under the organic standard (i.e., with less than 5 hectares of land).

A contextual factor highlighted in interviews is internal institutional weakness, with little assistance from the central government or national associations for small-scale producers. Unlike Ecuador or Peru, Guatemala has a lower incidence of deforestation risk, but faces structural challenges related to operational scale, technical access, and information asymmetry between producers and buyers.

However, among the particular challenges in the Guatemalan case are:

1. Lack of government support: One of the main challenges identified in Guatemala has been the lack of government support and the need for self-management by cooperatives. Much of the preparation process has fallen to Fairtrade structures, where the Guatemalan Fairtrade Platform and CLAC have played a prominent role. Fortunately, international projects have made it possible to finance the collection of coordinates and maps of organic farms, with the advantage that a significant number of cooperative producers already had their plots georeferenced due to organic requirements.

2. Generational roots favor the absence of deforestation: many Guatemalan Fairtrade coffee farmers are smallholders in medium-sized organizations in mountainous areas. Deforestation in coffee-growing areas of Guatemala has been low in recent times, as coffee is typically grown on family farms established several generations ago with shade from native trees.



In these areas, coffee is managed under diversified systems (with integrated fruit and timber trees) that already meet many environmental requirements. Therefore, in terms of deforestation, they consider that the vast majority of small-scale Guatemalan coffee farmers naturally comply with this EUDR requirement.

3. Trend toward regeneration and reforestation: At the same time, some Guatemalan cooperatives are often certified organic and have labels such as "Bird-Friendly" (certification that promotes that coffee and other products, such as cocoa, are grown sustainably on shade farms that protect the habitat of migratory birds), which already required no deforestation and the conservation of tree cover. One producer interviewed mentioned that 40% of their production is certified as shade-grown and that, due to climate change, even those who previously used little shade are now increasing it because coffee suffers in extreme heat. In other words, the trend is toward more trees, not fewer.

This transition to more biodiverse systems strengthens the resilience of coffee plantations to climate variability and contributes to the conservation of local ecosystems, aligning both the productive and environmental interests of communities, which also translates into added value and a competitive advantage in the market, particularly the European market, whose consumers are highly sensitive to these practices.

4. Mismatch between European regulatory requirements and the scale of organizations: according to interviews, the largest Guatemalan Fairtrade coffee organization has about 5,000 producers, which is the exception, while others have 80 members or fewer. This differentiation means that the approach to addressing challenges has a particular scale for each case. In larger organizations, the administrative cost of supporting geolocation, due diligence, and the necessary human resources is higher, but their scale could work in their favor in terms of resources, structure, and costs, while in smaller organizations, resources are more limited.

In general, unlike Peru or Brazil, where organizations are larger, most Fairtrade cooperatives in Guatemala are small and do not have robust technical teams to deal with the EUDR compliance process.

Thus, the surveying of polygons and georeferencing in Guatemala has been carried out by the organizations themselves, without direct financial support for this task. Although CLAC has offered them technical assistance and a free platform (in alliance with Satelligence), the logistical, human, and technical costs have fallen directly on the producers.

5. Generational change, competitiveness, and recognition of productive activity:

Some of the organizations interviewed emphasized that small-scale producers who manage to comply with the EUDR will have an advantage over "other companies or exporters that only profit and are intermediaries," as they will be able to access better markets and customers who pay well for traceable and sustainable coffee directly. At the same time, they believe that this effort should be rewarded with differentiated prices, because otherwise young people will continue to prefer to migrate rather than stay in the countryside.

This is linked once again to the generational change highlighted in Ecuador. Guatemala is experiencing a marked migration of rural youth to the United States of America, and higher-value coffee (deforestation-free, organic, Fairtrade) could partially reverse this exodus if it achieves premium prices that improve profitability, in addition to deepening modern agribusiness models developed for competitive markets, such as the European market. Therefore, Guatemalan producers see EUDR as an extra incentive to diversify farms, maintain forests, and attract niche customers, as long as there is a corresponding payment.

In short, Guatemala has in its favor the existing conservation in its coffee systems and a base of environmentally conscious producers (due to tradition and climatic necessity). Guatemalan Fairtrade organizations have demonstrated organizational capacity, but lack the institutional, commercial, and financial resources necessary to sustain this compliance in the medium term.

The greatest risk is not technical, but structural, since without formal mechanisms for shared responsibility on the part of buyers or sustained financial support, there is a real threat of loss of competitiveness or even abandonment of the European market by small organizations if a rigid interpretation of the EUDR is imposed.

It is necessary to ensure that all cooperatives, including those with fewer resources, receive assistance in implementing georeferencing, formal records, and so on. If it succeeds, Guatemala will likely be able to comply with the EUDR with a relatively low risk of producer exclusion, as its natural context is favorable. However, the key will be to monetize this advantage, turning small-scale producers' "deforestation-free" coffee into a product valued by importers, so that compliance is reflected in stable contracts and fair prices.

Identification and analysis of challenges in the implementation of the Regulation on Organic Production and Labeling of Organic Products (EUOR)

The update of the European Organic Regulation (2018/848) has had a profound and structural impact on Fairtrade coffee and cocoa organizations in Latin America, many of which combine Fairtrade certification with organic certification, with Latin America being a leading region in the supply of double-certified coffee and cocoa. With the new regulation coming into force in 2022, these same organizations have had to reassess their eligibility and make significant changes to maintain organic certification by 2025, while also driving significant changes resulting from the EUDR.

• Three disruptive requirements for group certification

Although there are various administrative and operational adjustments resulting from the organic regulations, three strategic regulatory changes have been agreed upon that will have a significant impact on the organizations interviewed:

1. The requirement that the entire production unit be organic, which excludes producers with mixed farms or conventional neighbors, which in practice has resulted in the exclusion of non-organic members from the certified organization
2. A limit of 5 hectares or €25,000 in sales per producer in the group, along with the documentation and record-keeping that this entails; and
3. A maximum size of 2,000 members per group, which poses a direct and sensitive challenge for larger organizations.

In practice, this has forced cooperatives to make some adjustments. In the first instance, some chose to convert all their members to organic production.

With no other alternatives, some SPOs decided to split the membership of their conventional product associates, i.e., to separate those who did not want to or could not be organic. However, this leads to fundamental dilemmas, as it may undermine the values of inclusion and non-discrimination inherent in Fairtrade.

With regard to the limits on organic product area and sales (5 hectares or €25,000), the approach taken by several cooperatives was first to identify how many members exceeded these thresholds. In coffee, for example, one of the organizations interviewed in Peru determined that it has lost around 500 certified organic hectares, corresponding to producers with more than 5 hectares, which represents nearly 10,000 quintals less of exportable organic coffee, affecting its economy of scale and financial break-even point. In cocoa, similar cases have been reported among medium-sized producers who were forced to leave the group certification. Some organizations are evaluating whether it is worthwhile to pay for individual certification for these large members, but it is expensive and for now, small-scale producers have been prioritized.

• Doubled costs and lower certified volume

The net effect, reported by several sources, is



that in the period 2022-2024 there was a drop in certified organic production while certification and compliance costs skyrocketed. In general, agronomic expenses are compounded by the fixed costs of certification, external auditor fees, training and retention of technical staff for the ICS and investment in monitoring and documentation equipment.

At the same time, the work involved in preparing documentation for each producer (organic, in transition, or conventional, if any) has been significant, resulting in economic and administrative strain that has added to the efforts of preparing for the EUDR. Some interviewees have invested in computer systems or in modularizing their databases to track organic conversion individually.

According to interviews, there have been cases where the annual certification fee can exceed \$20,000 USD per organization, not counting the indirect costs of audits and evidence preparation. This is compounded by the fact that there is a lack of co-financing mechanisms on the part of buyers. Although some importers offer technical support, the economic burden continues to fall on SPOs and producers, creating liquidity tensions and postponing productive investments, a reality very similar to that seen with the EUDR.

- **Risk of decertification and abandonment**

A latent danger, which is already showing signs of impact, is that some organizations or producers may decide to abandon EU organic certification because it is unviable, or that they may be decertified because they are unable to adapt.

In interviews, it has been suggested that several organizations could be temporarily excluded from the European organic market until they regularize their situation, given that the compliance rate is still low. In general, cooperatives have been forced to adapt, at high cost, because they cannot afford to leave the organic market, at least not completely, since they have invested in this segment for years and have built mature commercial relationships, some of which are based on their organic status. However, it is clear that financial, administrative, and practical pressures have taken a significant toll, as well as leading to a reconfiguration of their producer bases.

- **Weakened incentives that do not compensate for the effort**

A constant among the organizations interviewed, both for coffee and cocoa, and in all the countries analyzed, is that they conclude that the distortions that the organic market has undergone have had a significant

impact on the economic bases that sustain the organic dynamic for producers.

The main disincentive is economic in nature. The testimonies of producers and managers agree that the price differential between organic and conventional products has narrowed or even disappeared.

Added to this is the perception that the additional effort is not compensated, since the costs of audits, controls, and segregation inherent in the organic certification scheme are absorbed by producers, but the market does not reward the difference.

There is awareness of the risk of stagnation or decline in organic growth if this is not compensated. This is problematic because, in general, international demand for organic products continues to increase. Therefore, there is a risk that in the medium term there will be less certified organic supply from these countries, which could undermine their trade relations.

Beyond the economic aspect, the day-to-day operation of an organic system has become more burdensome. Organizations report documentation fatigue, rework, and duplicated processes between different buyers or certifiers. Each customer requires its own set of evidence, leading to inefficiencies and high administrative costs.

- **Agronomic challenges and climate change**

On a technical level, interviewees describe organic production as difficult, risky, and expensive. Tropical soils poor in organic matter require large volumes of natural fertilizer, which makes the operation more expensive. A CLAC expert explains it bluntly: "Organic production is expensive and difficult... in our tropical soils, which are poor in organic matter, it is not easy. One



hundred pounds of organic fertilizer provide only 5 pounds of nitrogen, versus 45 pounds if it were urea," citing a practical example of the differences between organic and conventional production. The consequence is that organic yields are often low, with several cooperatives reporting yields 20-30% lower than conventional yields, and therefore the producer's income, including the Fairtrade premium, sometimes does not compensate.

On the other hand, the impact of extreme weather on agricultural activity adds an additional layer of complexity to organic production, as it is more exposed to threats related to pests, productivity, or quality in the face of climate change. The impact of climate change, coupled with lower productivity and the high cost of biological inputs, reduces the profitability of the system and increases the temptation to return to the conventional model.

All of this was already a reality before, but now with the new regulation, there is the added fear of losing certification for failing to comply with some formality or because a member acts contrary to organic practices. This encourages some to voluntarily choose not to enter the organic dynamic, even though they could, as a precaution, which in turn exacerbates the supply limitation.



Analysis of the potential impacts of the EUOR on small-scale coffee and cocoa producers



• Producers leaving organic schemes

In parallel with the new structural requirements for organizations (limits on members, sales, or the size of their organic land), the main reason is economic, since, as mentioned, the organic price differential has been drastically reduced and, in some cases, has disappeared.

This trickle of departures reduces the base of organic producers in the SPOs, undermining the organization's ability to gather sufficient

volumes for its organic contracts or causing disturbances in market prices.

In general, the certified organic sector faces relative human decapitalization, where historical producers who adopted organic agriculture are now not only discouraged from continuing, but in many cases, as has been well documented, unable to do so.

• Impact of the reduction in organic supply to the European market

Another impact on organic products, and a direct consequence of producers leaving this scheme, is the decrease in the volumes of certified organic coffee and cocoa available for export to the European Union, at least in the short and medium term. Peru and Ecuador, for example, had established a significant presence in organic markets (Peru exports much of its cocoa and coffee as organic, with about a quarter of its global volume under the Fairtrade label).

If a significant proportion of their producers leave the scheme or fail to obtain certification under the new regulations, the EU could face a drop in organic imports from these origins, which would have implications for the competitive position of the four countries analyzed.

The consequences may include:

- Less diversity of organic origins on European shelves;
- Upward pressure on international organic prices due to relative scarcity (which could occur after many producers have left, failing to benefit); and
- The risk that buyers will substitute part of Fairtrade organic products with conventional products certified as deforestation-free, prioritizing compliance with the EUDR even if they lose the organic label.

• **Risks of cross-contamination in organic activity due to the productive reconfiguration of partners**

At the technical-productive level, organic SPOs face the risk of unintentional contamination of their crops by external agents, which becomes more relevant under the new strict rules and particularly when producers leave the organic scheme, some of them returning to conventional agricultural practices.

Many organic coffee and cocoa plantations are adjacent to conventional farms whose owners use agrochemicals or manage the soil differently. There is concern that aerial spraying or pesticide runoff from neighboring plots may leave traces on organic crops, exposing producers to possible non-compliance with the standard without being directly responsible.

Several producers expressed anxiety about this situation, as even though they follow all organic practices, they fear that a chance finding of residues (due to cross-contamination) could cause them to lose certification for the batch or incur penalties. In fact, as mentioned, some cooperatives are already taking preventive measures such as selling certain organic products as conventional in order to avoid the risk of failing a residue test and losing the entire batch.

Strategic adjustments driven by organizations



This section describes the main organizational strategies that cooperatives and small-scale producer organizations have implemented to adapt to the new requirements of the European Union regulatory framework. Based on the interviews, responses were identified that combine structural changes in governance, the use of Fairtrade system resources, and the renegotiation of commercial relationships with European buyers. Taken together, these adjustments show how organizations are seeking to sustain their market access and the viability of their associative models in a context of increased regulatory requirements and compliance costs.

- **Creation of new parallel legal structures**

The redesign of organizational structures has emerged as a structural response to the new limits and requirements imposed by the EU regulatory framework. According to the interviews, several cooperatives are reconfiguring their legal structure or creating new parallel organizations, either to comply with the maximum limit of 2,000 members per group imposed by organic regulations or to clearly separate organic and conventional product lines.

Although in the short term this allows certification to be maintained and penalties to be avoided, in the medium term it introduces tensions in governance, fragments the social base, and weakens the historical cohesion of Fairtrade SPOs.

- **Use of the Fairtrade premium to co-finance the transition**

According to the organizations interviewed, many of them have channeled part of their Premium to cover the cost of adjusting to the organic regulatory context, in uses ranging from training for producers to legal or administrative expenses when members leave the organization. This was also noted above in relation to EUDR.

To cite one example, the Union of Cocoa Farmers' Organizations of Ecuador (UNOCACE), a second-degree entity, has documented that some of its organizations allocated the Premium to training on EUDR/EUOR, while others used it for quality infrastructure.

In Peru, the cocoa organization ACOPAGRO has also highlighted uses of the Premium, as well as cooperation resources to train hundreds of producers in transition. Likewise, cooperating organizations (NGOs, agencies) have partially financed this conversion, as they consider it to be aligned with development objectives (more resilient producers, fewer chemicals).

The growing use of the Premium for regulatory compliance costs reflects different perspectives. On the one hand, it constitutes a competitive advantage of the Fairtrade system that third-party producers do not have, as they have to deal with the regulatory context with their own funds, or without the institutional support that cooperatives or other types of organizations normally provide and channel. From an institutional perspective, the use of the Premium for compliance is not problematic as long as the members approve it and it benefits the collective. And certainly, guaranteeing the market is a crucial collective benefit.



- **Negotiating with buyers for temporary flexibility**

According to the organizations, they have experienced a satisfactory level of understanding from their European buyers in response to the reduction in certified organic supply. Instead of seeking penalties, they have agreed to purchase the difference as conventional, and there have even been cases where buyers have helped to cover part of

the conversion costs for some members. This, however, is not universal nor the norm; in fact, it is usually the exception.

This is part of a larger Fairtrade strategy: international forums are highlighting how these regulations, while laudable, place a disproportionate burden on producers. The hope is to encourage more international co-financing.

Conclusions

1. The new EUDR and organic regulations represent a turning point for small-scale Fairtrade coffee and cocoa producers in Latin America. The findings indicate that these organizations did not start from scratch, but already had accumulated strengths and good practices (traceability, internal control systems, certification culture) that have been fundamental in accelerating their response. In all countries, significant investments have been made in georeferencing, audits, and the adoption of digital monitoring tools. This demonstrates the Fair Trade movement's adaptability and commitment to sustainability.

2. However, the diagnosis also shows that the challenges are not merely technical, but commercial and institutional. Preparation no longer consists of collecting data once, but of developing a permanent capacity for information management, moving from standard compliance with periodic audits to demanding continuous monitoring. This places demands on human and financial resources that many small cooperatives do not have secured in the long term.

In addition, it became clear that the critical link is national legality, as producers can manage environmental issues, but the lack of land titles, labor/tax informality, and weak state presence in rural areas generate profound heterogeneities between countries and territories. In Peru, there are producers in legal "gray areas" (farms established decades ago on land that the state now classifies as forest land). In Ecuador, a sore point is the tax and labor formalization of small-scale producers; in Guatemala, it is the limited support and public solutions.

3. Across the board, producers and their organizations are doing their part in this context, but there is a sense of imbalance in who bears the costs and risks. If support mechanisms and shared financing are not achieved, there is a risk that the most vulnerable will pay the highest price, as it is the smallest, least formalized, or least technologically equipped producers who could be left out of the European market, exacerbating rural poverty and inequality. This would contravene the very spirit of the regulations, whose ultimate goal is environmentally and socially positive. Likewise, financial pressure without visible compensation could undermine the sustainability of the cooperatives themselves, forcing them to divert development funds to bureaucracy or to fragment internally.

SPOs fear an erosion of Fair Trade principles such as inclusion, solidarity, and empowerment of small-scale producers if they are forced to exclude members in order to maintain access to this market. It is a sensitive ethical dilemma that hangs over SPOs and the Fairtrade system itself.

4. On the other hand, this situation is also stimulating ingenious responses and capacity building. Cooperatives are rethinking their strategies, creating new legal entities to meet requirements without dismantling their social base, adopting data technology as never before, engaging in dialogue with governments on agricultural formalization, and involving young people in digital traceability tasks.

Those that successfully navigate these changes will likely emerge stronger and more differentiated from this context. As discussed, in a market where traceability and sustainability are gaining traction, cooperatives that become reliable suppliers of "zero deforestation" will have a valuable competitive advantage, being able to retain and attract buyers despite being in medium-risk countries. In a way, this opens up the opportunity to reinvent added value, aimed not only at selling high-quality coffee/cocoa with social impact, but also at selling certainty of sustainability backed by hard data.

5. The sustainability of small-scale coffee and cocoa producers in the face of EU regulations will depend on collective and coordinated action. If each actor (producers, cooperatives, governments, buyers, certifiers, and international cooperators) does their part, it is feasible to turn these challenges into catalysts for innovation and continuous improvement. The recommendations below point to this collaborative approach, prioritizing concrete, gradual, and realistic measures that will enable a successful transition to the new commercial normal.

Recommendations

Considering the above findings, the following potential lines of action and recommendations for the different actors in the chain emerge, with the aim of exploring possible alternatives and scenarios to the challenges posed, seeking to safeguard the competitiveness and inclusion of small producers.

1. On strengthening capacities and regulatory compliance systems

It is strategic to strengthen the technical and management capacities of small producer organizations to comply with new regulations, especially in terms of traceability, environmental monitoring, and control of local regulations. Adapting to the EUDR requires skills such as farm georeferencing, satellite monitoring of deforestation, and documentation of legal compliance, areas where many cooperatives still have gaps in knowledge or resources.

Therefore, consideration could be given to expanding and deepening the training and technical assistance programs already initiated by CLAC, which have been positively evaluated (awareness workshops, support from field analysts, assistance with data entry). This expansion would be possible provided that additional human resources and funding are available to sustain it over time, and ideally with the participation of more advanced cooperatives that can share good practices.

Special emphasis should be placed on training on how to proceed when risks are detected in the field, for example, what to do if a satellite alert indicates possible deforestation on a plot. Currently, the operational recommendation is mainly to document such alerts for audits, but the producers interviewed said they were unclear about how to effectively mitigate these risks and did not have the means to remedy them. It would therefore be useful to develop clear protocols and practical training for managing alerts, rather than simply recording them, so that organizations can act quickly in the event of false positives or incidents, ensuring that risk reports translate into corrective actions on the farm.

2. On partnerships and shared financing for regulatory compliance

Given that the cost of implementing these new regulations falls disproportionately on producers and their organizations, it would be useful to establish partnerships and co-financing schemes that alleviate the financial burden at source. The findings show that many cooperatives are allocating their own resources and the Fairtrade Premium to cover compliance costs (from georeferencing plots to organic certifications), even sacrificing social projects or productive investments to redirect funds toward compliance. This redirection involves a trade-off, since using the Premium for compliance activities means that other community development needs are not being addressed.

Therefore, it would be strategic to explore shared financing mechanisms with buyers, trading partners, and even international cooperation programs, so that small-scale producers do not bear the cost of entering regulated markets alone. Encouraging evidence shows that some European customers have already shown a willingness to support this. For example, in Ecuador, an anchor importer channeled international cooperation funds and collaborated with a union of cooperatives to develop monitoring tools and training, together achieving almost 100% implementation of all EUDR requirements.

Additionally, it would be advisable to involve actors in the European value chain in assuming costs, given that their financial capacity is greater and the economic impact of complying with these standards is relatively low in proportional terms for them. Impact analyses show that, for large importers, ensuring traceability and the absence of deforestation represents only a minimal fraction of their revenues and operating costs.

It is equally important to seek financial support from international cooperation and public sources. Several organizations have agreed to specific projects (e.g., EU or NGO funds to set up GPS polygons), which sets positive precedent. However, producers point out that these initiatives are still limited and that more public support will be needed to fill structural gaps such as land formalization or state legal verification.

3. On organizational adaptation to new organic requirements

The update to the EU Organic Regulation has imposed profound changes in the way cooperatives manage the organic certification of their members. In particular, the requirement that all members of the GoO be 100% organic small-scale producers has, as explained above, forced a restructuring of practices that were previously common. Given this scenario, it would be advisable for organizations to explore flexible mechanisms for structural adaptation, avoiding as far as possible the outright exclusion of producers who cannot (or do not wish to) convert to organic immediately.

For example, the creation of parallel units or sections within the cooperative could be considered, and even separate legal entities, grouping conventional members on one side and organic members on the other.

Under this model, the same Fairtrade organization could comply with organic standards with the subset of certified members, without completely losing the link with those farmers who remain in conventional management. The condition for implementing this solution is to have legal and administrative advice, as it involves managing a dual structure (which entails additional paperwork and costs). Not all cooperatives will have the size or administrative capacity to do so, therefore, this recommendation would be facilitated by external technical assistance to help design these dual models and evaluate their viability on a case-by-case basis

4. Advocacy and collaboration with public authorities

Another key element for long-term sustainability is coordination with governments and public entities, both nationally and internationally. Many of the obstacles identified, such as the lack of formal land titles, the need to demonstrate compliance with local laws beyond the control of producers, or conflicts between tax formalization and social benefits, exceed the direct sphere of action of cooperatives and require public policy solutions. It would therefore be strategic to intensify the advocacy of CLAC and Fairtrade organizations with state institutions to create an enabling environment that facilitates compliance with European regulations.

A second area of recommendation is to promote the recognition and use of national public platforms as valid means of verification for the EUDR. There are already promising examples where local technological infrastructure can provide lower-cost solutions, such as in Brazil, which has developed robust systems; or Honduras, which is exploring an open platform for sending shipments with EUDR declarations using official data; Costa Rica, which integrated a specialized EUDR module into its state system TrazarAgro; and Ecuador, which launched a Single Registration and Traceability System focused on cocoa in 2024. These initiatives could significantly reduce the costs and efforts currently incurred by cooperatives in collecting their own data, provided that the EU and European buyers accept them as reliable sources of evidence.

5. Preventing producer exclusion and ensuring the sustainability of the associative model

One cross-cutting risk identified is that the new requirements could end up excluding the most vulnerable producers or smaller grassroots organizations from the European market. To prevent the social sustainability of the Fairtrade model from being compromised, it is recommended that efforts be focused on ensuring that no small-scale producer is left behind due to lack of support or information. This involves two main lines of action: first, supporting organizations that are lagging behind in their compliance process; second, encouraging producers to remain within their cooperatives even in the face of external pressures.

Regarding the first point, it would be useful to identify early on those cooperatives or regions that are lagging behind in the implementation of EUDR or organic standards (for example, because they have fewer resources, less access to training, or because they were late in becoming aware of the regulations) and provide them with intensive and targeted support.

For this recommendation to work, assistance resources must be allocated efficiently, with partners mapping where the most critical gaps are and acting there first, given that not everyone will need the same level of intervention. At the same time, the dissemination of information at the community level must be strengthened, as some producers are still unaware of what these standards entail. Therefore, increasing the number of talks in remote locations, providing materials in native languages where applicable, and taking advantage of the grassroots structure (assemblies, neighborhood councils) will help ensure that no member is left unaware of their regulatory obligations.

The second point concerns member retention within cooperatives, even when the path to compliance may seem more demanding than selling outside the scheme. It has been observed that in some Fairtrade producing countries, members have left their organizations to sell to local intermediaries, especially during periods of high international prices. To counteract this trend, it would be advisable for cooperatives and their allies to find ways to make it more attractive to remain in the organization than to leave it.

Another complementary recommendation is to recognize and reward compliance efforts within the cooperative. For example, if some members invest extra effort in adapting to compliance, the cooperative could establish small local incentives, ranging from public recognition and priority in certain services to distributing part of the additional benefits achieved through compliance (if any) to those most committed. This would create a culture where compliant members are valued rather than feeling disadvantaged.

6. Taking advantage of market opportunities and added value

While compliance with these new regulations imposes burdens, it could also become a competitive and market positioning advantage for Fairtrade coffee and cocoa from Latin America, provided it is managed strategically. Instead of viewing regulations solely as a cost, organizations can frame them within a positive narrative of quality, sustainability, and full traceability that sets them apart in the demanding international market. These qualities, combined with Fairtrade certification, create a unique product profile (zero deforestation, organic, and Fairtrade) that, if communicated properly, can open up higher-value niche markets.

It would therefore be advisable for stakeholders and organizations to design marketing and communication strategies focused on highlighting these sustainability achievements. Some niche roasters or chocolatiers in Europe may be willing to pay a slight premium or remain loyal to their purchases if they can count on solid stories of origin in environmental matters.

The gain could translate more into retaining markets than into short-term price increases. However, in the medium term, maintaining and improving access to the European market, one of the most demanding but also one of the most willing to pay for differentiated quality, is in itself an important benefit. Additionally, having "triple-certified" coffee and cocoa opens the door to consumer segments willing to reward extreme sustainability.

An enabling factor in taking advantage of these opportunities will be having committed business partners who also believe in this value-added approach. It is easier to capture greater value when the end buyer is ideologically aligned and markets the product under those attributes. Fortunately, there are such partners in the Fairtrade circuit (ethical roasters, specialized importers).

The task for cooperatives is to identify who these players are in their customer portfolio and work closely with them. If this is achieved, regulatory compliance will no longer be seen as just a mandatory expense but will become part of the Fairtrade product's value proposition. In perspective, this aligns Latin American production with global trends, as consumers and regulations are increasingly demanding more sustainability, not less.