



# Policy Brief EU Directive October 2024

## 1.0 Introduction:

This policy brief has been developed by Advocacy Coalition for Sustainable Agriculture (ACSA) – a Ugandan national network of Civil Society Organisations (CSOs) which works with smallholder farmers to promote sustainable agriculture, agricultural market development, and environmental conservation and undertakes research and advocacy. As part of fulfilling her Mission to Empower civil society organizations (both Church and non-church actors) working with smallholder farmers to advocate for favourable agrarian policy environment for sustainable communities, ACSA has critically analyzed the European Union (EU) Directive on export products to inform the decisions of various stakeholders.

The European Union (EU) Directive on export products to inform the decisions of various stakeholders likely represents regulatory frameworks designed to govern standards, safety, sustainability, and ethical sourcing of goods entering or leaving the EU. One prominent example the EU's deforestation-free regulation (EUDR), which mandates the registration of coffee farmers in exporting countries. This initiative aims to ensure that coffee imports are both traceable and environmentally sustainable. While this regulation seems progressive, its implications for African coffee producers, including those in Uganda, raise significant concerns. From an African perspective, the EUDR risks deepening economic inequalities, marginalizing smallholder farmers, and entrenching global power imbalances. The EU's emphasis on environmental protection, though commendable, fails to account for the complex historical and socio-economic realities of coffee farming in the Africa context.

## 1.1 Background

On December 5, 2022, the European Parliament approved a new regulation, the EU Regulation for Deforestation-Free Products (EUDR Regulation), aimed at ensuring supply chains remain free from products that contribute to deforestation. The EUDR Regulation entered into force on June 29, 2023, with a phased implementation: it will apply fully on December 30, 2024, and on June 30, 2025, for micro- and small enterprises.

The EUDR requires exporters of commodities such as coffee, cocoa, and their derivatives to submit specific documentation to access the EU market. These requirements include:

- Detailed land-use maps: This confirms deforestation-free production after December 31, 2020.
- Compliance: Adherence to local legislation regarding production is very important



- A due diligence statement covering the entire coffee supply chain, indicating no more than a negligible risk of non-compliance. It must also include origin details, with geolocation data for all plots, formatted differently based on plot size (polygons for plots over 4 hectares; single GPS points for smaller plots).
- Geographic coordinates: Coordinates of the production plots are required to ensure traceability and verify deforestation-free practices. Each coffee batch exported to the EU must meet traceability standards, requiring operators to trace each batch back to its designated land plot, making the provision of a due diligence statement with geolocation data obligatory.

The European Commission anticipates that the EUDR Regulation will significantly reduce global deforestation, forest degradation, and mitigate greenhouse gas emissions and biodiversity loss.

## Defining Deforestation-Free and Forest Criteria

A commodity is considered deforestation-free if it is produced on land that has not experienced deforestation after December 30, 2020. According to the regulation, a forest is defined as: An area greater than 0.5 hectares (approximately 1 acre); Comprising trees that are potentially higher than 5 meters; and Featuring canopy cover that is potentially more than 10%

## 2.0 An overview of the Directive:

The purpose of EU directives is typically to promote high standards in key areas such as environmental sustainability, human rights, consumer protection, and ethical trade practices. Recent directives aim to address global challenges such as carbon emissions, deforestation, labor conditions, and the shift towards a circular economy.

### 2.1 Key Provisions of Recent EU Directives:

- Mandatory due diligence on supply chains (e.g., preventing imports associated with deforestation or forced labor).
- Sustainability requirements, including carbon footprint reduction, waste minimization, and resource efficiency.
- Transparency and traceability in product origin, particularly in industries like agriculture, textiles, and technology.
- Product standards and safety regulations ensuring that exports to the EU meet certain quality thresholds.

### 2.2 Objectives of the EUDR:

- Reduce global deforestation.
- Decrease greenhouse gas (GHG) emissions.
- Minimize biodiversity loss.
- Combat forest degradation.
- Promote sustainable consumption and production patterns within the EU.

## 3.0 Coffee Farmer Registration: What Ugandans Need to Know

Uganda stands at a critical juncture, where inadequate communication from the government is fueling public distrust among its citizens. Many Ugandans feel excluded from key decisions, resulting in confusion and harmful speculation that often leads to misconceptions. This has fostered beliefs that the government is corrupt or working against its citizens, with fears that policies may impoverish farmers.

However, the recent coffee registration policy is not a scheme to harm farmers; it is a response to Uganda's obligations under the EUDR. This regulation requires coffee-producing countries like Uganda, Vietnam, Ethiopia, and Guatemala to ensure that coffee exports to the EU are traceable and free from links to deforestation.

This policy reflects a broader global effort to meet environmental standards, not just a local initiative. The core issue lies in the government's failure to effectively communicate the policy's purpose and its implications for the coffee sector, which has allowed dangerous rumors to flourish and deepened public mistrust. Notwithstanding the fact that many economic policies

are influenced by global actors, not solely by local governance, hence Ugandans need to understand that many policies are shaped by global elites whose visions will inevitably influence national institutions, including Uganda's.

Therefore, farmers should look beyond national challenges and consider larger economic frameworks, such as the African Continental Free Trade Area (AfCFTA), which offers significant growth opportunities. Often, internal conflicts overshadow the impact of global agendas, such as those promoted by the World Economic Forum (WEF).

While public concerns about these changes are understandable, the government must improve communication to rebuild trust. Engaging citizens in meaningful dialogue about the global context of such policies is essential. In turn, Ugandans must recognize that some challenges arise from global pressures and that by working together, the country can find solutions that address both local and international demands. This approach can strengthen the coffee sector and prevent external forces from dividing it.

### 3.1 What awaits the smallholder farmers?

The EU Directive on export products is poised to significantly impact global trade, particularly for exporters reliant on access to the EU market. While it promotes sustainability, product safety, and ethical trade, it also presents considerable compliance challenges, especially for developing countries like Uganda. Given the importance of agriculture to Uganda's economy, the implications for smallholder farmers are particularly profound. Below are the key areas where they may be affected:

#### a. Stricter Environmental and Sustainability Standards

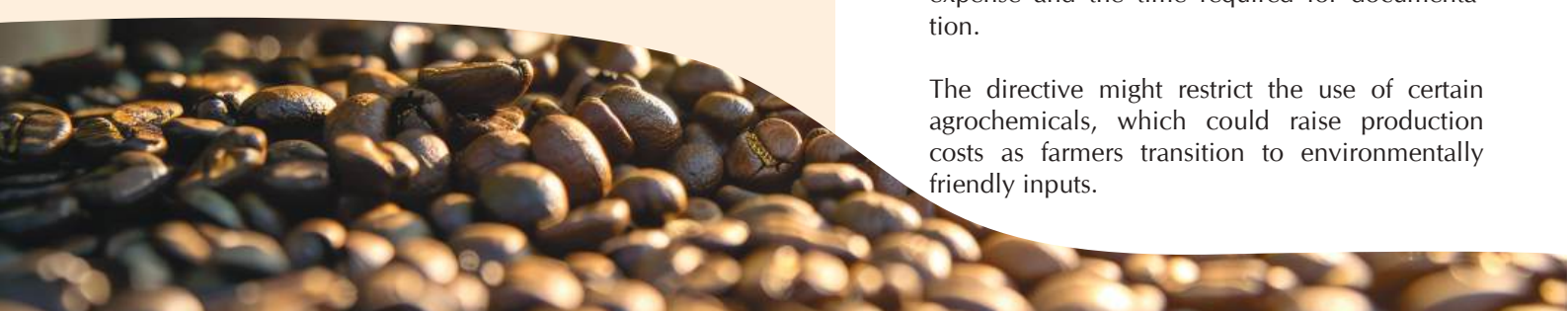
The directive likely imposes stringent rules on environmental sustainability, including bans on products linked to deforestation and unsustainable land use practices. For Ugandan smallholder farmers with limited access to resources and technology, adapting to these standards could be a significant challenge.

Implementing sustainable practices such as organic farming and improved soil management may require substantial investments that many smallholder farmers cannot afford.

#### b. Increased Production Costs

To comply with EU regulations, smallholder farmers may need certifications (e.g., organic or fair trade), adding to operational costs due to their expense and the time required for documentation.

The directive might restrict the use of certain agrochemicals, which could raise production costs as farmers transition to environmentally friendly inputs.





### **c. Potential for Market Exclusion**

Non-compliance with the directive could result in the exclusion of Ugandan smallholder farmers from the EU market, significantly reducing income opportunities from key exports like coffee, cocoa, tea, and fruits.

Limited access to information and resources may hinder farmers' ability to meet compliance requirements, further risking market access.

### **d. Impact on Export Value Chains**

The directive may compel EU buyers to source only from compliant producers, disrupting existing supply chains. Smallholder farmers often operate within fragmented systems, making integration of traceability measures challenging.

Export companies may impose stricter requirements on farmers to meet EU regulations, increasing pressure to modernize practices or risk losing business.

### **e. Opportunities for Sustainable Agriculture**

The directive's emphasis on sustainability could encourage smallholder farmers to adopt agroecological practices, enhancing biodiversity and potentially opening new market opportunities for certified organic products.

Products that comply with EU sustainability standards can command premium prices, benefiting farmers who successfully adapt.

### **f. Social and Economic Implications**

Inability to comply with the directive may lead to adverse social and economic impacts in rural communities, with reduced export revenues potentially lowering household incomes and affecting food security.

Farmers may be encouraged to form cooperatives to pool resources and share compliance costs, enhancing bargaining power.

### **g. Diversification of Export Markets**

Should compliance with EU standards prove overly burdensome, smallholder farmers may need to shift focus to alternative markets with less stringent regulations, although these may offer lower price premiums.

### **h. Capacity Building and Support Needs**

Extensive training on sustainable practices, traceability systems, and certification processes will be essential for farmers. Local governments, NGOs, and international partners will need to facilitate this transition.

Financial support, including access to credit, will be crucial for farmers to invest in compliance-related infrastructure and technologies.

### **i. Climate Resilience**

The directive may incentivize the adoption of climate-resilient agricultural practices, benefiting smallholder farmers by making their systems more resilient to climate change impacts, such as unpredictable rainfall and extreme weather.



## j. Partnerships with Local Institutions

Opportunities for collaboration between farmers and local agricultural research institutions (such as Uganda Martyrs University) could support the adoption of sustainable practices aligned with EU standards.

The Ugandan government could negotiate with the EU for technical assistance and develop national strategies to help farmers comply with international trade regulations.

## 4.0 Key Issues to Note (Sector Implications)

### 1. Overview of Uganda's Coffee Export Landscape

Approximately 60% of Uganda's coffee is shipped to European Union (EU) member states, including Italy, Germany, Spain, Belgium, Portugal, Russia, Switzerland, Sweden, and the Netherlands, making the EU the primary export market for Ugandan coffee.

### 2. Regulatory Framework

The National Coffee Act (2021) provides for the establishment of a national register for coffee value chain actors. This Value Chain Actor (VCA) register will be a precursor to the creation of a national traceability system aligned with EUDR requirements, assigning unique identifiers and geo-locations to all coffee farms.

### 3. Compliance Challenges

Supply Chain Adjustments: Exporters will need to reconfigure their supply chains to ensure that suppliers adhere to EU requirements, potentially increasing costs.

Sector-Specific Impacts

Agricultural Products: Sustainability standards may impose rules on deforestation-free supply chains and food safety standards affecting exports.

Manufacturing and Technology: Exports may need to comply with environmental standards, leading to increased production costs.

Textiles and Fashion: New mandates around labor and sustainability standards could raise production costs or lead to loss of access to EU markets for non-compliant companies.

Impact on Developing Countries like Uganda

Compliance Challenges: Adapting to the new requirements may require significant changes in infrastructure, supply chains, and workforce training.

Market Exclusion: Exporters unable to meet the directive's standards risk losing access to the EU market, affecting economies reliant on such exports.

Opportunity for Modernization: For those who adapt, the directive could lead to modernization of industries, promoting sustainable and ethical production practices.

