(2025) MEMO 17 – UPDATED FEFAC Initial Economic Impact and Trade Disruption Risk Assessment on the EUDR Implementation for essential EU feed chain supplies (soy bean meal / situation September 2025 – outlook Q1-Q2 2026)

FEFAC is providing its 2nd update on its initial overview of the potential EUDR economic impact on the EU feed chain and livestock sector in the context of the current market situation (MY 2024/2025) and outlook regarding SBM supplies (Q1 – Q2 2026) based on its member expert's evaluation and membership surveys (situation September 2025).

1. Economic Impact Assessment

To the best of our knowledge, only very limited market offers for Q1/Q2 2026 deliveries have been submitted to feed compounders by soy suppliers, despite public and "non-public" statements by several key market players on the state of their EUDR readiness. This is atypical for this period of the marketing year, as orders for SBM stock replacement for Q1 2026 should normally be placed by compound feed manufacturers during June to September. This is mainly the result of the remaining high level of legal uncertainty of core EUDR requirements, in particular regarding supporting documents to prove "legality of soy products" in producing countries (incl EU) which is quoted as "very challenging and unclear" by soy value chain partners, despite publication of the updated EC guidance in August 2025.

Current market information received by suppliers indicates a range of EUDR risk premiums of a minimum of 5-10% over normal market price quotations for SBM (EUDR premiums quoted range currently from 20 – 40 €/t). This would result in a significant cost increase, considering the EU market demand of approximately 15 million tonnes of SBM for the new calendar year period 2026 (Q1 -Q2). The extra cost of app 250 to 500 Mio € for SBM supplies to the EU feed and livestock sector would cause significant adverse economic impacts, mainly to the poultry sector, which relies on soy supplies as a major Hi-Pro protein source, but also to the EU pig sector.

Total market availability of EUDR compliant from key importers/ suppliers which have provided indications about EUDR "readiness" cannot yet be reliably estimated for the EU market needs for 2025 (Q2 – Q3) at the country or regional level. However, the market outlook for EUDR compliant market offers, may be adversely impacted and possibly be disrupted due to the low %-share of EUDR "readiness" of SBM from certain origins which may lead to even higher EUDR

market premiums for SBM during the Marketing year 2025/2026 due to an imbalance between offer and demand.

1.1 Additional economic impacts on other Protein Sources and the EU livestock sector

Currently, FEFAC experts noted a 5 to 10% increase in the cost of Soybean Meal (SBM) due to EUDR risk - premiums for Q1 deliveries of very limited volumes. which may lead to additional impact on other protein feed sources, mainly oilseed meals like Rapeseed and sunflower meals (app 23 Mio tons total EU feed industry use).

The price of Rapeseed Meal (RSM) is usually linked to SBM prices, at an average of 65% depending on the market area. Should RSM prices go higher, this will directly lead to a lower inclusion rate. In addition, there is a direct economic link between rapeseed cakes and sunflower seed products – thus, the entire protein block might experience a price increase because suppliers can still charge their products competitively.

Hence, if SBM prices increase by €32, crushers are likely to raise RSM prices by >65% of the SBM price increase, resulting in a €23.4 per ton increase in RSM prices, which amounts to a total extra cost of app 250 - 300 Mio € for all other protein feeds, using the RSM/SBM ratio as a proxy (Q1-Q2/2026).

For retailers, this increase might seem insignificant at first, but for slaughterhouses, it is more substantial. A 10% EUDR cost increase in SBM, roughly €35 per metric ton, translates to about €5 per ton of poultry feed for broiler farmers. Consequently, retailers may need to increase their prices resulting in higher food prices for the consumers.

A price increase in SBM will increase the demand for cheaper proteins but will produce an increase in the prices of these other protein sources (RSM, SFM) and Amino Acids (AA). Given the EU feed industry annual usage (cf EU feed protein balance sheet), this adverse economic impact is significant (app 1 Bio € extra cost for feed for Q1/Q2 2026).

This price difference will persist unless increasing competition among EUDR-compliant SBM suppliers may reduce risk premiums. If the global SBM market declines, year-over-year assessments might not show significant differences, posing another challenge.

Additionally, synthetic amino acids (AAs) are a crucial component the industry relies on. If protein prices rise too much, the use of synthetic AAs will be pushed to its nutritional limits. Most AAs are imported, and suppliers will need to factor in the EUDR impact on "Hi-Pro" macro-proteins in the EU. With very limited suppliers and production capacities in Europe, EUDR will likely lead to extra margins for Amino-Acid suppliers for those who adapt quickly.

Therefore, combined with rising AA costs, also resulting from the EU decisions on Antidumping duties for certain amino acids imported from China (Lysine, Valine) , the expected total EUDR premium price impact on the entire protein portfolio may lead to significantly higher production costs for the EU livestock sector, which will undermine its competitiveness, undermining a key objective of the new EU Vison on Agriculture & Food workstream on livestock launched in May 2025 and can lead to higher food prices for the consumers.

2. Assessment of potential EU soy supply chain trade disruption risk

Based on our members' expert advice, FEFAC currently estimated the risk of trade disruption and bottlenecks for essential soybean meal (SBM) supplies, both imported and of EU origin, at a Low – to medium / high-risk level, pending origin and product category.

The analysis is based on qualitative assessment since there is no public information regarding the availability of EUDR soy products from any particular region or country. FEFAC is considering that its Soy Sourcing Guidelines 2023 benchmarking program, facilitated by ITC (International Trade Centre), provides a robust reference for the sourcing of certified/verified responsibly produced soy, which should be considered as input for the risk assessment obligations under the EUDR and of added value for control authorities to ascertain the legality of soy production in the country of origin. There are currently 15 schemes/programs that have successfully passed the benchmarking against the FEFAC Soy Sourcing Guidelines (version 2023).

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- North American origins are considered low-deforestation risk confirmed by the recent EU country classification resulting from its independent benchmarking exercise published in May 2025, based on the EU Deforestation Map shared in December 2023. The EU and US agreed on considering US as negligeable Deforestation Risk area in the joint US/EU joint declaration published in August 2025. The USA is in a good position on EUDR readiness for soy products, based on dedicated soy value chain partner production, sourcing programmes and supporting mapping tools on deforestation (USSEC- SSAP programme). Canadian soy producers are expected to provide similar EUDR readiness & compliance tools for the soy exports to Europe
- Regarding South America, the standard risk classification by the EC (with the exception of Uruguay) provides additional challenges linked to higher Due Diligence requirements compared to "low-risk" origins. However, FEFAC noted that significant progress and efforts towards EUDR readiness have been reported for Argentina and Paraguay, based on sectoral and cross-sectoral "best practice" guidance and certification programmes (VISEC) already in place. Argentina is expected reaching "full" EUDR readiness for its total soy production, with Paraguay using the same tools traceability and compliance tools.
- The outlook on Brazilian capacity to provide EUDR compliant Soy products needs further clarification concerning implementation of EUDR common practice guidance for their new soy planting season and harvest in February 2026. FEFAC members have a very low market visibility on EUDR readiness of Brazilian suppliers, exacerbated by the legal challenges regarding the future of the Amazon soy moratorium, which is a key reference for supply chain contracts for the European feed market. For this reason Brazil stays in Medium- to High risk category of disruption
- For EU origins, the risk level is pending further developments, such as the European Commission's recognition of "no or negligible deforestation" risk status requested by most EU Farm Ministers and the integration of existing CAP Direct Payment traceability systems into EUDR central IT systems. However at the current stage FEFAC market experts evaluate EU origin as well as Ukraine and Serbia as low-to medium risk level of trade disruption (non-GM soy).

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- FEFAC experts remain highly concerned about the risk of supply chain disruptions for key niche markets, particularly “non-GM” and organic soy for feed, originating from regions such as India, China, and West Africa (Nigeria), The EUDR readiness status in these regions remains uncertain, with high disruption risk identified for West Africa, India, and China.