

Implications of EUDR for European Investments in Brazil

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Introduction

The European Union Deforestation Regulation (EUDR) establishes due diligence requirements for products associated with deforestation and forest degradation that are placed on the European Union market or exported from it. The Regulation covers seven commodities—cattle, cocoa, coffee, oil palm, rubber, soya and wood—as well as specified derived products, including beef, chocolate, tires, furniture, paper and other wood products. Under the EUDR, operators must demonstrate that relevant products are deforestation-free, were produced in accordance with the relevant legislation of the country of production, and are supported by a due diligence statement containing the information required by the Regulation, including the geolocation of production plots (European Parliament & Council of the European Union, 2023).

The EUDR is therefore often presented as a market-access requirement for farmers and exporters in producing countries. In Brazil, this perspective has concentrated attention on cattle ranchers, soy and coffee farmers, forest producers, slaughterhouses, agricultural cooperatives and commodity exporters. These actors will need to provide information that enables European operators to trace commodities to their places of production and assess deforestation and legality risks. The Regulation is currently scheduled to apply from 30 December 2026 to large and medium operators and from 30 June 2027 to micro and small operators, subject to the transitional provisions established by the amended legislation (European Commission, n.d.).

The economic effects of the EUDR, however, extend beyond Brazilian-owned producers and exporters. European companies have substantial productive and commercial operations in Brazil and participate in different stages of the value chains covered by the Regulation.

European-controlled companies are involved directly in agricultural and forestry production, food processing, meat and leather, pulp and paper, rubber products, furniture manufacturing, commodity trading, storage, transport and export logistics. Their Brazilian subsidiaries may own productive assets, purchase commodities from local suppliers, process raw materials or organize the movement of products destined for the European market.

Other European investments are connected to EUDR value chains more indirectly. European manufacturers supply agricultural and forestry machinery, processing equipment, fertilizers, pesticides and other chemical inputs to Brazilian producers. These products are generally not themselves covered by the EUDR. Nevertheless, the companies producing and selling them are economically exposed to changes in agricultural sourcing, supplier formalization, land-use practices and investment patterns generated by the Regulation.

The same applies to European investments in trade, logistics and infrastructure. Transport companies, storage facilities, ports, terminals and commodity traders operate where physical products and information about their origin must remain connected. Although the legal due diligence obligation is imposed primarily on operators and traders placing products on, or exporting them from, the EU market, compliance depends on information generated and preserved throughout the Brazilian supply chain. Failures in traceability, batch identification or chain-of-custody records can prevent an affiliated European operator from demonstrating compliance, even when the underlying commodity was legally produced and did not originate from land deforested after the EUDR cut-off date.

EUDR implementation should consequently be understood as an issue of investment protection and industrial competitiveness, as well as environmental and trade policy. The quality of Brazilian traceability and environmental information systems will affect the ability of European-controlled companies to protect market access, manage suppliers, avoid duplicated verification costs and maintain the value of their Brazilian operations. Conversely, fragmented implementation or the absence of reliable public information could increase transaction costs, encourage unnecessary supplier exclusion and reduce the competitiveness of both Brazilian producers and European companies established in the country.

This policy report examines the importance of the EUDR for European investments in Brazil through two complementary forms of evidence. The following section provides a qualitative assessment based on publicly reported investments and operations of major European companies. It identifies how these companies participate in agricultural and forestry production, processing, commodity trade, transport, machinery, fertilizers and pesticides, illustrating the range of assets and business relationships potentially affected by EUDR implementation.

The subsequent section provides a quantitative estimate of the stock of European Foreign Direct Investment (FDI) connected directly or indirectly to EUDR-related value chains. Using public data from the Central Bank of Brazil (BCB), the analysis distinguishes investments in production and processing from investments in enabling sectors such as chemicals, machinery, trade, transport and storage. Because the available statistics classify investments by broad economic activities rather than by individual commodities or companies, the results are presented as estimates of potential sectoral exposure. They do not imply that all the included investment is devoted exclusively to EUDR products or falls directly within the Regulation's legal scope, but provide an upper estimate of its potential impact.

Taken together, the qualitative and quantitative analyses show that the EUDR concerns a much wider economic constituency than Brazilian

commodity producers. Its implementation is also relevant to European industrial groups, traders, logistics providers, equipment manufacturers and input suppliers with long-term investments in Brazil. Effective cooperation between Brazilian authorities, European institutions and the private sector can therefore support the environmental objectives of the Regulation while protecting European capital, reducing compliance costs and strengthening legal and deforestation-free supply chains.

Key Sectors and European Companies Linked to EUDR in Brazil

European companies have long invested in Brazilian agriculture, forestry, processing, trade and logistics. Their presence also extends to machinery, seeds, pesticides, fertilizers and other inputs. These companies may be affected by the EUDR because they produce or purchase covered commodities, operate supply-chain infrastructure or depend commercially on Brazilian producers.

The examples below focus on investments announced or completed since 2021. They illustrate economic exposure rather than legal scope: a company may be connected to an EUDR value chain even when its own products are not regulated.

Cattle and beef

The French Carrefour Group provides a major downstream example. In 2021, Carrefour Brazil agreed to acquire Grupo BIG for approximately R\$7.5 billion, substantially expanding its retail and cash-and-carry network (Reuters, 2022). In 2025, Carrefour increased its offer to purchase the remaining minority shares in its Brazilian subsidiary. At that time, Brazil accounted for approximately 20% of the group's worldwide gross sales (Reuters, 2025a).

Carrefour does not raise cattle, but its scale as a beef purchaser makes supplier traceability important. Its procurement requirements can transmit EUDR-related controls from slaughterhouses to direct and indirect cattle suppliers.

Soya

Bunge and Louis Dreyfus Company are central examples of European investment in Brazilian soya. Both have strong corporate links to the Netherlands and extensive operations in Brazil. Bunge was founded in Amsterdam in 1818 and continues to maintain important Dutch head-office, oilseed-processing and refining operations. Its facilities in Amsterdam and Wormerveer produce soybean, rapeseed meal, vegetable oils and specialty fats for the food, animal-feed and renewable-fuel industries (Bunge, n.d.).

In Brazil, Bunge operates an integrated network of commodity-purchasing operations, crushing plants, warehouses and export terminals. Its port assets include operations at the Port of Santos and infrastructure along the northern export corridor connecting Mato Grosso to the river terminals at Miritituba, Pará, and onwards to Barcarena. This infrastructure connects soybean producers to international markets and makes the company particularly relevant to the EUDR. Compliance depends on traders and processors preserving the connection between farms, consignments and products as soya is aggregated, processed and exported.

Louis Dreyfus Company is organized through a Dutch holding company based in Rotterdam and has operated permanently in Brazil since 1942. Its Brazilian activities include the origination, processing and commercialization of grains and oilseeds, supported by fixed industrial and logistics assets (Louis Dreyfus Company, n.d.). The company states that it continues to invest in new assets and products in Brazil. Recent expansion includes a logistics hub in Rondonópolis, Mato Grosso, one of the country's principal soybean-producing regions (Louis Dreyfus Company, 2026).

The Brazilian operations of Bunge and Louis Dreyfus demonstrate that EUDR implementation concerns European commodity companies as well as farmers. Both companies have substantial capital invested in facilities whose commercial performance depends on access to Brazilian agricultural production and international markets. Their origination and logistics networks are also

essential for maintaining traceability after soybeans from different properties enter storage, processing and export systems.

Coffee

The largest recent European investment announcement connected to Brazilian coffee came from Nestlé. The Swiss company announced R\$7 billion in Brazilian investment between 2025 and 2028, including more than R\$500 million for coffee-related activities (Reuters, 2025b). Its Nescafé division reported that its coffee investment program would reach approximately R\$1.5 billion, including expansion of the Montes Claros factory in Minas Gerais (Reuters, 2025c).

Illy and Lavazza maintain important purchasing and quality programs with Brazilian producers, but publicly reported investments do not appear comparable in scale. As Nestlé is Swiss, its investments illustrate European industrial exposure but should remain outside an EU-only estimate.

Cocoa

European participation in Brazil's cocoa sector is concentrated mainly in chocolate and confectionery manufacturing, procurement, consumer brands and distribution, rather than in primary cocoa production. These downstream investments connect Brazilian suppliers with European industrial and retail markets, transmitting EUDR traceability requirements throughout the supply chain.

The Italian Ferrero Group expanded its Brazilian presence in 2023 when Ferrara Candy Company, a Ferrero-affiliated company, acquired Dori Alimentos, a major Brazilian manufacturer of sweets and snacks. Although the transaction value was not disclosed and Dori's portfolio is not limited to cocoa products, the acquisition increased EU investment in industries that depend partly on cocoa and chocolate inputs (Food Business News, 2023).

Nestlé's Brazilian investment program also includes cocoa and chocolate. In 2023, it acquired Grupo CRM, owner of the Copenhagen and Brazil Cacau brands, strengthening its position in Brazilian chocolate manufacturing and distribution

(Reuters, 2023). Nestlé is headquartered in Switzerland and therefore should not be classified as an EU investor. Nevertheless, it is one of Europe's largest food manufacturers and is deeply integrated into the EU agro-food industry and market, making it important to the implementation of the EUDR across European cocoa supply chains.

Rubber

Michelin has a long-standing relationship with Brazilian natural rubber through production, research and environmental activities in Bahia, combined with tire manufacturing.

The wider industrial connection is illustrated by Stellantis. Headquartered in the Netherlands, the company announced a R\$30 billion investment program for Brazil and other South American operations between 2025 and 2030 (Financial Times, 2024). The program is not an investment in rubber production, but the automotive industry creates substantial demand for tires and rubber components.

Wood and derived products

The LD Celulose project in Minas Gerais is one of the clearest examples of recent EU investment in an EUDR commodity. The joint venture between Austria's Lenzing and Brazil's Dexco began production in 2022 following an investment of approximately US\$1.3 billion. The plant can produce around 500,000 tons of dissolving wood pulp annually from eucalyptus plantations (LD Celulose S.A., 2023). The project combines forestry, industrial processing, transport and exports, making land-use information and chain-of-custody controls directly relevant.

Agricultural inputs and machinery

European investments in machinery, seeds, pesticides and fertilizers are indirectly exposed to the EUDR. Although these products are not directly regulated, their demand depends on the competitiveness and international market access of Brazilian agriculture. Input suppliers could also support farm geolocation, producer registration and traceability.

CNH Industrial, incorporated in the Netherlands, manufactures agricultural machinery in Brazil through Case IH and New Holland. Its tractors, harvesters and precision-agriculture systems support the production of soya, coffee and other EUDR commodities. CNH has also introduced satellite connectivity for agricultural machinery in Brazil, enabling the transmission of farm data from areas with limited internet access (The Wall Street Journal, 2024).

Germany's Bayer has a similarly important position in seeds, biotechnology and crop protection. Brazil is its second-largest agricultural market after the United States, and Bayer expected Intacta2 Xtend to cover approximately 30% of Brazilian soybean area in 2024–2025 (Reuters, 2024a). BASF, which also supplies seeds, pesticides and digital technologies, announced in 2026 the acquisition of AgBiTech, a biological-control company with operations in Brazil (BASF, 2026).

Stellantis provides another example of indirect exposure through rural transport. Its Betim facility in Minas Gerais is an automobile and powertrain plant. Stellantis announced R\$30 billion in Brazilian investment for 2025–2030, including hybrid-flex vehicles whose ethanol technology links the company indirectly to Brazilian agricultural supply chains (Reuters, 2024b).

EUDR-linked Foreign Direct Investment (FDI) in Brazil

This section estimates the scale of that exposure by combining the sectoral and investor-country information published by the Brazilian Central Bank (BCB). The analysis uses the country of the ultimate controller to identify the origin of the investment. This is preferable to the immediate-investor criterion, which may identify an intermediate holding jurisdiction rather than the country in which the multinational group is ultimately controlled. The distinction is particularly important for the Netherlands and Luxembourg, which frequently serve as investment conduits. For instance, the Dutch stock was US\$145.5 billion under the immediate-investor criterion but only US\$48.6

billion when classified by ultimate controller (Banco Central do Brasil [BCB], 2025).

Brazil's total inward direct-investment stock reached US\$1.1 trillion in 2024, comprising approximately US\$884.8 billion in equity participation and US\$256.4 billion in intercompany operations. Europe represented 59.1%, or US\$674.1 billion, of the total under the immediate-investor criterion (BCB, 2025).

The report's principal chart does not identify the EU countries separately; however, the complete Foreign Direct Investment (FDI) spreadsheet is available on the Central Bank of Brazil's website (BCB, 2026). Together, the 16 identified member states account for approximately 50% (US\$577 billion) in investments in the country. The highest concentrations among these are from the Netherlands (45%), Luxembourg (17%), France (13%), and Spain (12%) (see Figure 1).

As the BCB does not classify investment by commodity or EUDR relevance, the analysis

distinguishes between directly linked, indirectly linked and non-EUDR sectors and presents the results as estimates rather than official statistics. The analysis first classified the BCB economic sectors according to their relationship with EUDR commodities. "Direct" sectors produce, process or trade cattle, cocoa, coffee, oil palm, rubber, soya, wood or their regulated derived products. "Indirect" sectors supply machinery, chemicals, fertilizers, transport and other services required by these value chains.

Furthermore, because the BCB's economic categories are broader than EUDR supply chains, their entire investment stocks cannot be classified as EUDR-related. For example, "food products" includes goods unrelated to the seven EUDR commodities, while "chemical products" encompasses numerous non-agricultural activities. Yet, the aggregated values provide a useful upper limit of EUDR-related exposure for EU investments in Brazil (Table 1).

Figure 1 - Investments of EU member states in Brazil for 2024. Source BCB, 2026.

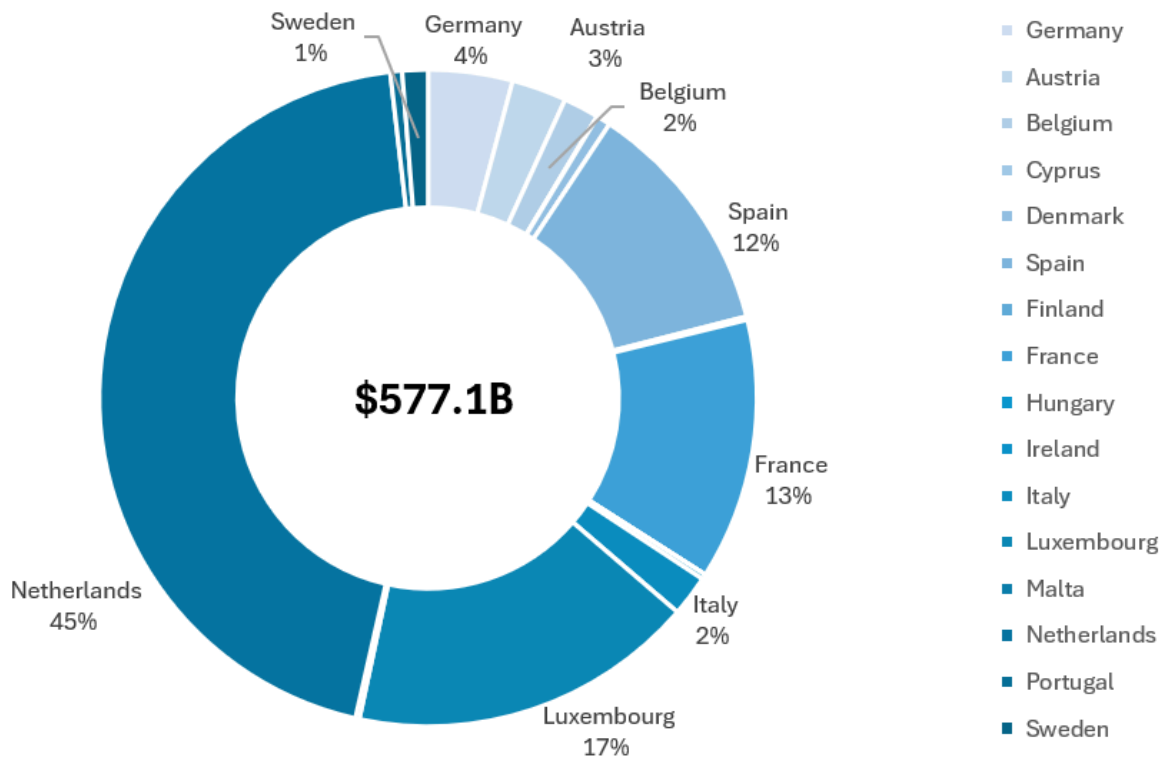


Table 1 - EU investment positions in Brazil in 2024 by EUDR exposure

Classification	BCB economic category	Relationship with EUDR	Million USD
Direct	Agriculture, livestock, forestry and aquaculture (CNAE Section A)	Production of cattle, soya, coffee, cocoa, rubber, oil palm and wood	5,666
Direct	Food products (CNAE Section C)	Meat, vegetable oils, coffee, cocoa, chocolate and other processed products	23,537
Direct	Wood, pulp and paper industries (CNAE Section C)	Timber, wood products, pulp, paper and printed products	10,815
Direct	Rubber products (CNAE Section C)	Tires and other products potentially containing natural rubber	13,540
Direct	Commerce, excluding vehicles (CNAE Section G)	Trading, aggregation and export of EUDR commodities	47,272
Direct subtotal			100,830
Indirect	Chemical products (CNAE Section C)	Fertilizers, pesticides and other agricultural inputs	32,425
Indirect	Machinery and equipment (CNAE Section C)	Tractors, harvesters and food- or forestry-processing machinery	16,297
Indirect	Vehicles and transport equipment (CNAE Section C)	Trucks and equipment used in agricultural logistics	31,907
Indirect	Transport and storage (CNAE Section H)	Road and rail transport, warehouses and port terminals	14,364
Indirect	Professional, scientific and technical activities (CNAE Section M; reported under "Other activities" in BCB Table 14)	Agricultural technologies, certification and traceability services	12,252
Indirect subtotal			107,245
Total EUDR-related	Direct and indirect activities	Expanded estimate of potential EUDR exposure	208,075
Non-related	Remaining activities (CNAE Sections B, D, F, I, J, K and L, together with the non-selected portions of Sections C, G, H and "Other activities")	No identifiable direct or indirect relationship under the adopted classification	369,025
Total	All CNAE sections	Total EU direct-investment stock	577,100

For 2024, the estimated EU direct-investment stock associated with activities directly linked to EUDR supply chains was approximately US\$100.8 billion. This category covers agriculture, livestock,

forestry and aquaculture; food processing; wood, pulp and paper; rubber products; and commodity trading and aggregation. A further US\$107.2 billion was associated with indirectly linked

activities, including fertilizers, pesticides and other chemical inputs; agricultural and processing machinery; vehicles and transport equipment; transport, storage, warehouses and port terminals; and professional and technical services. Together, direct and indirect exposure amounted to approximately US\$208.1 billion, equivalent to 36.1% of the estimated US\$577.1 billion EU direct-investment stock in Brazil.

The remaining US\$369.0 billion, or 63.9%, was classified as non-EUDR-related for the purposes of this estimate. It includes sectors without a clear connection to EUDR supply chains, such as mining and quarrying (CNAE Section B); electricity, gas, water and waste management (Sections D and E); construction (Section F); accommodation and food services (Section I); information and communication (Section J); finance and insurance (Section K); and real estate (Section L). However, this residual category may also contain some EUDR-related investments that could not be identified separately within the aggregated BCB data. For example, manufacturing (Section C), commerce (Section G), transport and storage (Section H), and professional and technical activities (Section M) include both relevant and unrelated activities. Where the available CNAE categories did not permit a reliable separation, the investment was excluded from the EUDR-related total. Thus, the calculated US\$208.1 billion in direct and indirect exposure should be interpreted as a conservative estimate rather than a complete measure of all EU investment potentially affected by the EUDR.

These estimates demonstrate that the Regulation's economic relevance extends beyond agricultural and forestry production to substantial European investments in processing, trade, agricultural inputs, machinery and logistics.

Conclusion

A predictable implementation of the EUDR is important not only for Brazilian producers but also for protecting European investments in

agriculture, processing, machinery, inputs and logistics. Fragmented information and high compliance costs could disrupt supplies and reduce the profitability of these assets.

SeloVerde offers public infrastructure to address these risks. Its free online systems cover approximately 1.8 million rural-property registrations in Pará, Minas Gerais, Espírito Santo, Acre and Tocantins—where it operates as Consulta CAR (CSR, n.d.). It is Brazil's largest official platform for environmental-compliance monitoring and agricultural traceability, combining government records with high-resolution mapping of EUDR-relevant commodities, including cattle, soya, coffee and planted forests (Government of Acre, 2026).

The EU-funded AL-INVEST Verde program has supported the adaptation and expansion of these systems across Brazilian states (AL-INVEST Verde, n.d.). Continued support for universal, government-operated platforms offers a high return on investment by reducing duplicated expenditure on mapping, documentation and legality assessments throughout supply chains. Free access also prevents smaller producers from being excluded by the costs of private services.

Public platforms have additional legal advantages. Government authorities can integrate protected administrative information without publicly exposing farmers' personal data and can issue assessments based on official registries, embargoes and Brazilian law.

Continued European support for SeloVerde and other initiatives aimed at strengthening public compliance monitoring and supply-chain traceability should therefore be understood not simply as development assistance to Brazilian producers, but as an investment in the resilience of EU–Brazil trade and investment. By lowering compliance costs, improving legal certainty and providing consistent information to all market participants, these initiatives can facilitate EUDR implementation while protecting the approximately US\$208.1 billion in EU investment positions estimated to be directly or indirectly connected to EUDR-related supply chains.

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