EUDR Community of Practice

Case Studies in Legality Due Diligence

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Case Study 1: Cocoa, Côte d’Ivoire — smallholder land tenure, the agricultural frontier, the role of country tools, child labour and pesticide use, downstream operators and substantiated concerns

Setting

A German chocolate manufacturer sources cocoa through a network of cooperatives in Côte d’Ivoire. The cooperatives aggregate from approximately 3,000 smallholder members, each farming between 1 and 4 hectares. The sourcing areas span two regions: the western forested zone (near the Cavally and Nzo River valleys) and the centre-west, where the agricultural frontier between farming land and classified forests (forêts classées) is particularly contested.

The German chocolate manufacturer sells processed cocoa mass to a French confectionery company, which uses it to manufacture finished chocolate products sold on the EU market. The French confectionery company is a large non-SME. It has received the German chocolate manufacturer’s due diligence statement reference number and traceability information.

A legality due diligence tool for cocoa in Côte d’Ivoire is available, developed using the EFI Legality Due Diligence Navigator methodology in collaboration with the Ivorian Government and through multistakeholder consultation.

The operator (the German chocolate manufacturer) has submitted a due diligence statement under the EUDR and is now subject to a check by a competent authority. The competent authority is particularly interested in how the operator moved from an initial risk screening to a reasoned conclusion that the cocoa was produced in accordance with relevant Ivorian legislation.

Note on commodity comparison: If this case focused on coffee rather than cocoa, the legality domains would be broadly similar (land tenure, agricultural frontier, agrochemicals, labour). However, an additional key structural environmental challenge would also exist (in Colombia particularly): wet coffee processing generates highly polluting wastewater from depulping, and compliance with national effluent standards at small beneficiadero level would constitute a structural, sector-wide non-compliance issue. Cocoa processing (fermentation and drying) generates less acute effluent risk and is not carried out at farm level, falling outside the scope of the EUDR that focuses on the area of production.

Legality issues in play

Legal Domain	Key legal issues and context
Land tenure	The majority of smallholders hold land under customary arrangements recognised in principle under Ivorian law (the 1998 Land Law, Loi n° 98-750, as amended in 2019), but without a registered land title (titre foncier). A subset hold a rural tenure certificate (certificat foncier rural), a lighter, community-validated form of recognition. Very few hold a full land title or “titre foncier.” The 1998 law formally recognised customary rights and established a process for converting them into formal titles, but implementation has been slow, and large areas remain in a legally intermediate status. The absence of a titre foncier does not automatically render occupation unlawful; the relevant question is whether the landholding is consistent with customary arrangements recognised under Ivorian law.
Agricultural frontier and classified forests	Côte d’Ivoire has a legally defined agricultural frontier separating land available for farming from classified forests (forêts classées), protected areas, and other reserved zones. Production inside a classified forest is prohibited under the Forestry Code (Code Forestier, Loi n° 2019-675). However, agriculture may be allowed in some areas within these classified forests as admitted farms or ‘enclaves.’
Agrochemicals	National law requires the use of government-registered and approved agrochemical products only. Highly hazardous pesticides remain in use in some cocoa supply chains despite regulatory restrictions. No mechanism exists for verifying compliance at individual smallholder level through document collection alone; verification requires training records, purchase logs, and field-level spot checks.
Labour and child labour	Family labour is predominant. Oral labour contracts are lawful under Ivorian law. No labour inspections occur at farm level in practice. Child labour in cocoa cultivation — particularly during harvesting — is a documented structural challenge in Côte d’Ivoire, recognised in national action plans (CLCCG — Comité de Lutte Contre le Travail des Enfants dans le Cacao et Café) and international monitoring systems (NORC/ECOWAS). A national

Legal Domain	Key legal issues and context
	action plan to combat trafficking and child labour has been put in place, monitored by the National Supervisory Council (CNS), which is responsible for coordinating and evaluating actions on the ground. The CNS organises follow-up meetings, conducts field visits, produces annual reports and ensures compliance with national laws. It also manages the Child Labour Monitoring and Observation System (SOSTECI - or Système d'Observation et de Suivi du Travail des Enfants en Côte d'Ivoire in French), a monitoring mechanism that identifies children in child labour, assesses the risks and ensures appropriate care. National law (Code du Travail) sets a minimum working age of 16 for light agricultural work; involvement of children in hazardous tasks is prohibited.

Working questions for participants

Land tenure and deforestation risk

1. The operator cannot obtain formal land titles (*titres fonciers*) for most suppliers. Many farmers hold only a *certificat foncier rural* or rely on customary recognition. Does this prevent the operator from demonstrating legality of land tenure under the EUDR, and what alternative evidence should the operator rely on?
2. A civil society report identifies land tenure disputes between farming communities and logging concessions in one of the sourcing zones, but the operator was previously unaware of the report. What does this mean for the operator's due diligence, and what follow-up action is required?
3. The operator has geolocation data and finds that some plots overlap with or are adjacent to *forêts classées*. How should the operator address these findings?

Child labour and agrochemicals

4. Child labour is a known structural risk in Ivorian cocoa supply chains. The cooperative has training and monitoring systems in place, but the operator has not independently reviewed them. What would a proportionate due diligence approach look like, and what records should the operator maintain?

5. For agrochemicals, there are no farm-level compliance documents available at scale. What would a reasonable and proportionate verification approach look like?
6. What role may cooperative-level purchase logs, training records and spot checks play in the operator's due diligence system?

Country tools

7. The operator refers to the EFI country tool for Côte d'Ivoire cocoa as the basis for its legality assessment. To what extent may this facilitate its due diligence obligations on the legality criteria?

Downstream due diligence

8. The French confectionery company (a large non-SME) purchases cocoa mass from the German chocolate manufacturer and relies on its due diligence statement. Under the revised Article 5 regime, what are the obligations of the French company? What must it verify, retain, and be able to demonstrate to a competent authority?
9. Six months after the French confectionery company began sourcing the cocoa mass, a major investigative journalism outlet publishes a detailed report identifying large-scale deforestation inside a forêt classée in western Côte d'Ivoire and linking it, by name, to one of the cooperatives in the German chocolate manufacturer's supply chain. The French company's procurement director sees the report. What are the French company's obligations now?
10. Does it make a difference if: (a) the journalist directly contacts the French company before publication to seek comment; or (b) the journalist simultaneously submits a substantiated concern to the competent authority?

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Case Study 2: Palm Oil, Malaysia (Sabah) — Native Customary Rights, mill-level aggregation, national and third-party certification, migrant labour, FPIC and environmental requirements of new plantations

Setting

Malaysia is distinctive among major palm oil producers because its national certification scheme — Malaysian Sustainable Palm Oil (MSPO) — has been mandatory for all producers since 2020. As of early 2024, a very large majority of Malaysia's oil palm planted areas and mills were MSPO-certified, with substantial but still incomplete coverage of independent smallholders. The updated MSPO MS2530:2022 standards are now in transition, but most certified entities are certified under the 2013 standard.

The operator's procurement team assumes that because MSPO is mandatory and covers most of the sector, legality due diligence for Malaysian palm oil is largely solved. The operator has therefore relied heavily on MSPO certification documents, supplier declarations and refinery-level sustainability policies as the main basis for its EUDR legality assessment.

However, the supply chain includes palm oil sourced from Sabah, where independent smallholders often sell FFB through dealers or intermediaries before the FFB reaches mills. It is at this dealer link that traceability and legality information often breaks down, particularly for plot geolocation, land tenure documentation and information on Native Customary Rights (NCR) claims. It is also at this point that there is a high risk of mixing.

Sabah is characterised by the presence of indigenous communities holding NCR land under state land laws, alongside a significant migrant workforce in estate and processing operations. Migrant workers, particularly from Indonesia and the Philippines, may face risks linked to recruitment fees, passport retention, wage deductions and poor housing conditions. These may constitute violations of Malaysian law.

The case is designed to be read alongside EUDR and Malaysian palm oil assessment | European Forest Institute of MSPO and EUDR requirements, conducted collaboratively with MSPO. The key question is not whether MSPO is useful (it clearly is), but to what extent mandatory certification may be used to verify EUDR legality compliance and how to effectively integrate certifications into a robust due diligence system.

The operator also has access to RSPO certification information for part of the supply chain. RSPO may provide additional information on Free, Prior and Informed Consent (FPIC), grievances, labour systems and environmental safeguards, but as it is not mandatory, it does not necessarily cover all volumes.

Note on commodity comparison: If this case focused on natural rubber from Malaysia rather than palm oil, many of the same legality domains would apply: NCR land tenure, environmental regulation, and labour law. The key structural difference is the supply chain: rubber in Sabah is produced by a more fragmented smallholder sector with less established traceability infrastructure than palm oil. The Malaysian Sustainable Natural Rubber is a certification scheme developed in response to the EUDR. It is new, not implemented at scale and not third-party verified. The Global Platform for Sustainable Natural Rubber has developed a risk-based assurance system available to its members. For tyres, there is the GPSNR voluntary certification that is also aligned with EUDR.

Legality issues in play

Legal area	Key legal issues and context
Land tenure — NCR	In Sabah, land law is governed by the Sabah Land Ordinance (Cap. 68), which formally recognises Native Customary Rights (NCR). NCR land is legally recognised under state law and may exist without formal survey or documentary title — its existence depends on evidence of prior occupation, cultivation, and customary use by native communities. NCR claims are not automatically invalidated by the absence of a formal survey. However, the boundaries of NCR land in Sabah are often disputed, imprecisely documented, and subject to competing claims from plantation operators. Court decisions have both affirmed and limited NCR claims in different contexts. The legal question is not whether a plot has a title, but whether it was customarily occupied in a way that creates NCR under Sabah law — and whether any palm oil development that occurred on such land was undertaken lawfully (i.e. with appropriate consent and compensation under applicable law).
Land tenure — state land and leases	Non-NCR land in Sabah may be held under state land leases issued by the Sabah Land and Survey Department. Smallholders under scheme arrangements (e.g. FELCRA (a corporate organisation wholly owned by the Malaysian Government), or Sarawak Land Consolidation and Rehabilitation Authority equivalents) typically hold formal lease documentation. Independent smallholders may hold state land documents of

Legal area	Key legal issues and context
	varying types. The operator needs to understand the tenure mix in their sourcing area and assess the legal framework applicable to each category.
Requirements for new plantations	MSPO has strong requirements for new plantings. New planting on the following shall be prohibited unless permitted by the state authorities that have jurisdiction over land matters: a. steep terrain exceeding areas located 300 m above sea level; b. fragile and marginal soils; c. peat land; d. riparian zones.
Environmental — deforestation	MSPO prohibits the conversion of natural forest, protected areas, and High Conservation Value areas after 31 December 2019. Satellite analysis tools (Global Forest Watch, Sentinel-2) allow assessment of tree cover change. The Sabah Forestry Department maintains maps of permanent forest reserves. Key legality challenges at play in Sabah with regards to deforestation include: verifying oil palm expansion that may have occurred near or within forested areas, including Permanent Forest Reserves and other environmentally sensitive zones; and the conversion of degraded or secondary forests, which is legal in Sabah according to the Forest Law. Nonetheless, this conversion of secondary or regenerating forest areas after the EUDR cut-off may still qualify as deforestation under the EUDR definition.
Third parties' rights and FPIC	Sabah's indigenous communities (Kadazan-Dusun, Murut, and others) hold NCR land rights under state law. Where palm oil development has occurred on NCR land, applicable Sabah law requires consent and compensation processes. FPIC as a principle is embedded in MSPO and RSPO requirements and is increasingly referenced in Malaysian policy. The legal question is whether applicable domestic law (including NCR provisions) was complied with.

Legal area	Key legal issues and context
Labour — migrant workers	The Sabah palm oil sector relies heavily on migrant workers from Indonesia and the Philippines, employed under conditions regulated by the Employment Act 1955 (as applied to Sabah) and the Workers' Minimum Standards of Housing and Amenities Act. A 2018 survey conducted by Malaysia's Ministry of Plantation Industries and Commodities, with ILO support, found that 8 in every 1,000 oil palm workers (nation-wide) were in situations of forced labour and about 33,600 children (nation-wide) were found to be in child labour conditions. Issues such as passport retention, recruitment fee deduction, and substandard housing have been reported by NGOs. These constitute potential violations of Malaysian law (passport retention is a criminal offence under the Passports Act 1966). In response, the Malaysian Government has adopted an action plan for 2026-2030, with ILO support.
Certification scope and MSPO vs. RSPO	MSPO is mandatory. The MSPO 2022 Standard Series is currently being rolled out, and the still current 2013 standard is less aligned with EUDR. Furthermore, dealer certification will not be fully implemented until 2027 making linking the product to the area of production not possible for products sourced from smallholders who use dealers. RSPO is voluntary and often more developed on issues such as FPIC procedures, grievance mechanisms and sustainability assurance. Key RSPO resources for operators include: the RSPO Certification page, the RSPO Principles and Criteria, and the RSPO Supply Chain resources. RSPO may therefore provide useful additional evidence. Nonetheless, RSPO does not certify dealers, hindering the tracing of the products to smallholders in the absence of this crucial link. The operator's refinery supplier holds RSPO certification, but under a mass balance model for part of its smallholder supply. RSPO certification covers some but not all EUDR legality domains; its scope (in terms of supply chain actors, legal

Legal area	Key legal issues and context
	domains, and verification methodology) must be explicitly examined by the operator.

Working questions for participants

Preliminary risk assessment and the role of certification

1. The operator's preliminary risk assessment relies on MSPO certification, World Bank governance indicators, NGO reports and satellite monitoring. What may this preliminary assessment conclude, and what does it imply for the depth of evidence collection required?

2. The operator's procurement team argues that because MSPO certification is mandatory and covers most of the Malaysian palm oil sector, the due diligence burden should be minimal. To what extent this may be defendable during an inspection?

3. What does MSPO currently provide that is useful for EUDR legality due diligence, and which legality domains remain uncovered or only partially covered? (see EUDR and Malaysian palm oil assessment | European Forest Institute)

4. How should the operator compare MSPO and RSPO evidence? In which areas might RSPO provide additional useful information, and where may the schemes remain insufficient for EUDR purposes?

5. For the legal domains not covered by either MSPO or RSPO certification, but relevant for the EUDR, how would the operator demonstrate compliance? What specific documents, data, or evidence would the operator need to request from its Malaysian suppliers to fill those gaps?

6. MSPO or RSPO audits identify non-conformities relating to traceability, worker grievances or community consultation, and the certificates remain valid after corrective actions. How should these findings feed into the operator's EUDR risk assessment?

MSPO transition to 2022 standard

7. The MSPO 2013 standard, which remains in effect for many certified operators during the transition period, is less aligned with EUDR requirements than the 2022 standard. How should the operator determine which version of MSPO applies to its suppliers, and what additional checks are needed where suppliers are still certified under the 2013 standard?

Land tenure, NCR claims and third parties' rights

8. Part of the sourcing area may overlap with Native Customary Rights (NCR) land claims that have not been formally surveyed or adjudicated. The supplier has lease documentation for estate land but no information on NCR claims. How should the operator assess land-tenure legality in this context?

9. NGO reports document disputes between indigenous communities and plantation operators in the sourcing district, alleging that NCR land was cleared without lawful consent or compensation. The reports do not name the operator's direct suppliers. How should the operator incorporate this information into its risk assessment?

10. MSPO includes FPIC provisions, but information from complaints and grievance mechanisms is not publicly accessible. Does this trigger further investigation by the operator, and what would a proportionate response look like?

Environmental compliance and deforestation

11. MSPO includes a deforestation cut-off date and forest-protection requirements, but its forest definition differs from the EUDR/FAO definition. What are the implications for the operator's EUDR assessment?

12. MSPO 2022 prohibits new planting on steep terrain above 300 m, fragile and marginal soils, peatland, and riparian zones. How should the operator verify whether new plantations in the sourcing area comply with these restrictions?

13. The conversion of degraded or secondary forests for new oil palm planting may be legal under Sabah's Forest Law but still qualify as deforestation under the EUDR definition. How should the operator's due diligence system distinguish between what is legally permitted under Malaysian law and what constitutes deforestation under EUDR?

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Case Study 3: Timber, Romania — illegal logging risk in a low-risk EU Member State, SUMAL integrity, and downstream obligations

Setting

A large Romanian timber company (company A) produces beech (Fagus sylvatica) and oak (Quercus robur) timber from forests it privately owns. Romania is one of the EU's largest producers of commercial hardwood and holds some of the most significant primary beech forests remaining in temperate Europe, including UNESCO World Heritage-listed ancient forests. It is also one of the most documented cases of large-scale illegal logging in an EU Member State, with the EU Court of Auditors, the European Commission, and numerous civil society organisations having identified systemic failures in Romania's forest governance system over the past decade. SUMAL (Sistemul Informațional de Urmărire a Materialului Lemnos), Romania's timber-tracking system, was introduced to address these failures, but questions about its integrity persist. Company A sells the logs to a Romanian processing company (company B) that produces plywood.

The EUDR applies to timber placed on the EU market by EU operators. There is no exemption for timber produced within the EU or harvested from EU forests. Romania presents a test case for how the EUDR framework applies to an EU Member State with documented governance challenges. The Romanian timber company (A) is the primary operator placing timber on the EU market. Companies A and B have a long-standing commercial relationship.

Legality issues in play

Legal areas	Key legal issues and context
Forest concessions and harvesting authorisation	Romanian forest law (Codul Silvic, Legea nr. 331/2024 (which repealed Legea nr. 46/2008 and entered into force on 12 January 2025) requires that all timber harvesting occur under a concession or management contract with the National Forest Administration (Regia Națională a Pădurilor — Romsilva) or a certified private forest administrator, and is authorised by an approved annual work plan (amenajament silvic). Cutting authorisations (acte de punere în valoare — APV) must be issued and signed by a licensed forest inspector before harvesting

Legal areas	Key legal issues and context
	begins. Each APV specifies the volume, species, and location of timber to be harvested. Harvesting outside an APV — including exceeding authorised volumes — constitutes illegal logging under Romanian law.
SUMAL — timber tracking	SUMAL is Romania's mandatory digital timber tracking system. Every load of timber transported on a public road must be registered in SUMAL with an origin document (aviz de însoțire) linking the load to a specific APV and forest management unit. SUMAL was designed to create a chain of custody from forest to processor. In practice, documented weaknesses include: fraudulent APV creation, SUMAL document issuance for timber that was never legally harvested, and volume discrepancies between SUMAL records and physical timber flows.
Private and community forests	Approximately 50% of Romania's forests are privately owned or held by community/church entities. Private forest owners may manage their forests themselves (with licensed administrators) or under contracts with Romsilva. Legal requirements for harvesting apply equally to private forests. In practice, oversight of private forest harvesting is weaker than in state forests, and a higher proportion of documented illegal logging occurs in private forest areas.
Environmental — protected areas	Romania's Natura 2000 network and national parks include significant forested areas. Harvesting in or adjacent to protected areas may require species or habitat impact assessments and specific environmental approvals. Virgin and quasi-virgin forests (păduri virgine și cvasivirgine) are catalogued in a national inventory (Catalogul Pădurilor Virgine) and are subject to absolute harvesting prohibition under Romanian law.
Chain of custody at processor level	A timber processor in Romania may receive logs from multiple sources: state forests, private forests, and different APVs. Processors are required to maintain entry records (registru de intrare a materialului lemnos) linking each log delivery to a SUMAL document. Volume conversion from logs to sawn timber or other processed products creates additional verification

Legal areas	Key legal issues and context
	challenges: declared conversion ratios may not match actual yields, creating opportunities for undeclared timber to enter the processing stream.
Tax and trade	Romanian tax law applies to timber sales; VAT carousel fraud and income under-declaration in the timber sector have been documented by tax authorities (ANAF). Export documentation must reflect accurate volumes and species; declared versus actual discrepancies are a known risk in the sector.

Working questions for participants

Preliminary risk assessment and upstream operator's obligations

1. What does the 'low risk' classification of Romania imply for the Romanian operator's due diligence obligations (Company A)?
2. Civil society groups have criticised Romania's low-risk designation given the governance record described above. How, if at all, should such reports influence:
   - Company A's due diligence obligations; and
   - a competent authority's risk-based checks?
3. What information must Company A collect and maintain to demonstrate legality?
4. In the same scenario, what would be the obligations of Company A if it were a micro or small primary operator (MSPO) placing Romanian timber on the EU market?

Downstream operator obligations

5. What due diligence obligations apply to Company B when placing plywood produced from EUDR-compliant logs on the EU market?
6. What information is Company B obliged to collect and keep? And who bears the obligation to pass on that information?

Romanian legality documents and credibility checks

7. Given the documented weaknesses in SUMAL described above (fraudulent APV creation, document issuance for unharvested timber, volume discrepancies),

can SUMAL records alone satisfy Company A's obligation to collect information, documents and data which demonstrate that the relevant products comply with Article 3?

8. Company B receives a valid due diligence statement reference number from Company A, but is aware of media reports alleging irregularities in Company A's sourcing practices. Does Company B have any additional obligations under the EUDR?

9. Given the high proportion of forest harvesting employees in Romania without written employment contracts or social security contributions, how would the operator assess compliance with EUDR legality requirements on labour?

Natura 2000 risk

10. Satellite analysis shows significant canopy loss in several sourcing forest management units over the past eight years. Agent Green and ClientEarth have issued deforestation alerts in the operator's sourcing region. Some canopy loss is adjacent to Natura 2000 sites. How should this information feed into the Romanian operator's compliance verifications?

Substantiated concerns

11. Given the high proportion of documented illegal logging in Romania, could substantiated concerns arise and what obligations would that trigger for Company B?

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Case Study 4: Beef/Soy, Paraguay — Gran Chaco deforestation, indigenous territorial rights, SENACSA traceability (with comparative notes on soy)

Setting

A European food company sources beef from Paraguay, processed by one of Paraguay's major meat processing companies (*frigoríficos*). Paraguay is the world's sixth-largest beef exporter and a significant soy producer; both commodities are primarily associated with the expansion of cattle ranching and agriculture into the Gran Chaco. Gran Chaco is one of the most biodiverse and rapidly deforesting ecosystems on Earth, and the single largest remaining tropical dry forest. Between 2001 and 2020, the Paraguayan Chaco lost an estimated 3.5 million hectares of forest cover, a significant proportion due to cattle ranching expansion. Paraguay has also been a major soy producer, with cultivation concentrated in the Eastern Region (Región Oriental). The almost complete conversion of the Región Oriental's Atlantic Forest cover occurred largely before the EUDR reference date, but soy-driven deforestation pressure continues in some areas and has shifted into parts of the Chaco.

Before conducting in-depth evidence collection, the operator carried out an initial legality-risk assessment using publicly available information, NGO reports, and governance indicators. In line with the European Commission's recent EUDR Guidance, operators are expected to calibrate the depth of evidence collection to the specific supply chain, production area and country-risk context.

Approximately 60% of the beef volumes purchased by the European food company are marketed by the frigorífico as certified under a private sustainability standard used in the cattle sector. Some soy sourced by the same European food company is RTRS or ProTerra certified. The operator's sustainability team therefore considers the Paraguayan supply chain to be "low risk" and has relied heavily on certification audit reports, supplier declarations, and chain-of-custody documentation. However, the operator has not systematically assessed which Paraguayan legal requirements are actually covered by these certification schemes, which are only partially covered, and which fall outside their scope entirely. A competent authority is checking the operator's due diligence files.

This case focuses primarily on beef; key differences for soy are noted below. The operator purchases processed beef from a single Paraguayan frigorífico. The frigorífico sources live cattle from ranches across the Chaco and the eastern region. The operator has no direct contractual relationship with any ranch.

Note on commodity comparison soy versus beef: If the focus were soy rather than beef, the supply chain structure would be different, but some legality challenges would be similar. Soy supply chains pass through grain traders and crushers rather than frigoríficos; geolocation of production plots is technically more feasible for soy (larger farm units, CONAB-type grain registration systems). The deforestation risk domain is analogous, but the Indigenous land rights dimension is equally present in soy-growing areas. The key legality-domain difference is that soy involves extensive agrochemical use (including highly hazardous pesticides) with documented community-level health impacts. This creates a distinct legal exposure under environmental and health law that is less central to beef. Beef raises specific animal welfare considerations (though these are not under the scope of the EUDR) and more complex supply chain traceability due to live animal movement. Operators sourcing both beef and soy from Paraguay should also note the provisions of the EU-Mercosur Trade Agreement, which lays down specific commitments on trade and sustainable development, including on forests and deforestation, that are relevant context for risk assessment.

Legality issues at play

Legal Domain	**Key legal issues and context**
Land tenure	Paraguayan land law (Código Civil, and the Estatuto Agrario — Ley 1863/2002) recognises private land ownership, documented through titles registered with the Servicio Nacional de Catastro (SNC). In practice, land tenure in the Chaco is complex: significant areas were historically granted to large landholders (including foreign corporations and individuals) under colonial-era or early republican concession systems, and the current title structure reflects these origins. Boundary disputes, irregular titles, and areas of overlapping claims are common. The Paraguayan state retains obligations to distribute land reform plots (asentamientos) to landless farmers, creating a separate land tenure category with its own documentation. For operators, the key legal question is whether the ranches in their supply chain hold legally valid and undisputed land titles that predate or are consistent with applicable Paraguayan property law.
Deforestation — Chaco Law and INFONA	Paraguay's Law 3663/2008 (Ley de Deforestación Cero para la Región Oriental) prohibits deforestation in the Eastern Region. For the Chaco, the applicable framework is the Ley 422/73 (Ley Forestal) and subsequent regulations, which require prior

Legal Domain	Key legal issues and context
	authorisation from INFONA (Instituto Forestal Nacional) for deforestation of native vegetation. An environmental permit (Declaración de Impacto Ambiental — DIA) from MADES (Ministerio del Ambiente y Desarrollo Sostenible) is required for land clearing above defined thresholds. In practice, large-scale Chaco deforestation has occurred both with and without these authorisations. The EUDR cut-off date (31 December 2020) means operators must verify that production areas were not established through deforestation after that date — regardless of whether that deforestation was authorised under Paraguayan law (since EUDR prohibits both legal and illegal deforestation under national law after the cut-off date).
Indigenous land rights and FPIC	Paraguay has a constitutional obligation to recognise and protect the territories of indigenous peoples (Constitución Nacional, Art. 62–67). The Estatuto de las Comunidades Indígenas (Ley 904/1981) and the INDI (Instituto Paraguayo del Indígena) are the primary domestic legal instruments. Indigenous communities in the Chaco, including Ayoreo, Qom (Toba Qom), Enlhet-Enenlhet, and others, hold legally recognised territorial rights under Paraguayan law that predate or are independent of the formal cadastral title system. However, the formal demarcation and registration of indigenous territories have been slow and incomplete. Paraguay is a signatory to ILO Convention 169, which requires consultation and consent before activities affecting indigenous territorial rights. The Inter-American Court of Human Rights has issued judgements against Paraguay for failure to protect Chaco indigenous communities' territorial rights. Under EUDR, the relevant question is whether Paraguayan law on indigenous land rights was complied with. This frequently has not been the case where cattle ranches have expanded into or adjacent to undemarcated indigenous territories.
Environmental permits for ranching	Cattle ranching operations above defined size thresholds require a DIA from MADES. Ranches must also comply with regulations on water use, waste management from feedlots, and conservation obligations where native vegetation is retained. Environmental permit compliance is a legal requirement under

Legal Domain	Key legal issues and context
	Paraguayan law; operators must verify not only that permits exist but that they are current, cover the actual scope of operations, and correspond to the areas from which their beef originates.
Labour	Paraguay's Código del Trabajo (Ley 213/1993) governs employment relationships, minimum wages, and social security. Rural agricultural and ranch labour often involves informal arrangements, particularly for seasonal workers and indigenous community members employed on ranches. Forced labour conditions have been documented in some Chaco ranch operations by ILO and NGO monitors. These constitute criminal violations of Paraguayan law. Written contracts are legally required; social security contributions (IPS — Instituto de Previsión Social) are obligatory for formal workers.
Tax and trade — SENACSA traceability	Paraguay's cattle traceability system, managed by SENACSA (Servicio Nacional de Calidad y Salud Animal), requires that all cattle be individually identified and that their movement between ranches and to slaughter be recorded. SENACSA documentation forms the primary chain-of-custody basis for beef exports. Known weaknesses in the system include commingling of cattle from different sources at assembly points (rodeos) before SENACSA documentation is completed, and the use of SENACSA identifiers across different animals. Operators must assess the credibility and coverage of SENACSA documentation in their supply chain.

Working questions for participants

Preliminary assessment

1. How may operators use the EU-Mercosur Trade Agreement in the context of this preliminary risk assessment? What commitments does the Agreement contain that are relevant to deforestation, legality, and supply chain transparency for Paraguayan beef and soy?

Deforestation and spatial risk

4. Satellite analysis shows significant tree-cover loss in Chaco municipalities linked to the frigorífico's sourcing area. How should this country- and region-level spatial evidence feed into the operator's risk assessment?

Indigenous land rights and consultation

5. Several Chaco municipalities in the sourcing area overlap with indigenous territorial rights under Paraguayan law and ILO Convention 169. Some territories are not formally demarcated or registered with INDI. How may the operator assess this legal risk?

6. The supplier states that none of the ranches are "inside official indigenous reserves." Is this sufficient, given that formal demarcation may be incomplete?

SENACSA traceability and cattle movements

7. SENACSA documentation attributes the beef to specific ranch identifiers. What does the operator need to understand about how SENACSA traceability works in practice?

8. Reports indicate that cattle commingling at pre-slaughter assembly points can weaken origin-ranch traceability. What may the operator require from the frigorífico to demonstrate that supply-chain documentation is credible?

Labour rights and supplier attestations

9. A human rights report alleges forced labour affecting indigenous workers on ranches in Boquerón, one of the sourcing departments. The report does not name the frigorífico or any specific ranch. What does this trigger for the operator under EUDR legality due diligence?

10. To what extent may the operator rely on a supplier code-of-conduct attestation in this context?

Certification

14. How can the operator assess the extent to which this certification programme covers the relevant EUDR legality criteria? And how should the operator manage the information provided by the certification scheme in the light of its own risk assessment responsibilities?

15. Where should the operator's compliance team start, and what sources may it use to build a legality framework from national legal sources?

16. The certification audit identifies non-conformities relating to incomplete cattle traceability records and insufficient evidence of consultation with indigenous

communities, and the certificate remains valid after corrective actions. How should these findings feed into the operator's EUDR risk assessment?