# Quarterly market update

June 2026

This update explores key developments in regulation and broader market dynamics relating to forest-risk commodities. This includes the EUDR simplification review, Brazil's 'Agribusiness Day' bills and the impact of El Nino. It also provides commodity specific market updates on palm oil, soy, cocoa and coffee.

## Regulatory updates

### EU Deforestation Regulation (EUDR) simplification review

The simplification review, released on 4 May, has confirmed the deadline for application of the EUDR remains unchanged, and that the core text of the regulation will not be re-opened.

Alongside the simplification review report, the Commission has provided updated guidance, new FAQs and a draft Delegated Act amending products in scope under Annex I.

Under the Act, proposed exclusions include:

- Cattle leather (raw hides, tanned hides and further prepared leather),
- Used and second-hand products across rubber and wood categories (e.g. re-treaded tyres as a category has been narrowed to cover only new tyre treads)
- Marketing and information materials when accompanying another product or supplied free of charge (e.g. user manuals, leaflets and catalogues)
- Samples used for examination, analysis or testing.

Proposed additions under the Act include:

- Coffee extracts, essences and concentrates (e.g. instant coffee)
- A significant expansion of palm oil derived products (palm oil derivatives).

Proposed changes to HS codes include:

- Shifting cattle, pure-bred breeding animal, and cattle, other, to a broader ex designation. Frozen cattle tongues also proposed to be included.
- Nearly all wood product entries and furniture updated with an 'ex' prefix. Previously, broader wood and furniture HS codes could be interpreted as fully in scope; the 'ex' prefix now clarifies that only the specific EUDR-relevant products within those headings are covered.

The simplification review also provided an update on the information system (reopened as of June 2026), which has undergone targeted improvements. These include:

- Simplified declaration form for micro and small primary operators
- Updated specifications for automated application interfaces
- Contingency plan for unplanned unavailability
- Voluntary grouping feature introduced (in response to requests from the business sector).

These simplification measures are expected to reduce annual compliance costs for companies subject to EUDR obligations by around 75%, compared to the original EUDR.

The Delegated Act is still in draft form and closed for public feedback on 1 June 2026. The feedback is currently being assessed by the Commission.

### Deforestation regulation in Great Britain and Northern Ireland

The Government has released a statement (23 June), announcing the application of the EUDR in Northern Ireland from 30 December 2026 and confirmed the competent authority for Northern Ireland's EUDR. The Office for Product Safety and Standards (OPSS) will act as Competent Authority for rubber and wood products, and Northern Ireland's the Department of Agriculture, Environment and Rural Affairs (DAERA) for palm oil, soy, cocoa, cattle and coffee.

In their statement, the Government also announced their intention to consult on GB Deforestation regulations, with the GB regime covering the same core commodities and underlying information requirements as the EUDR.

Further details will be shared shortly, including information on Government's planned consultation with businesses, civil society and international partners on the proposed policy.

### Consultation opened on EU Corporate Sustainability Due Diligence Directive (CSDDD) guidelines

On 12 June 2026, the European Commission opened a public consultation on guidelines to support the implementation of the CSDDD.

The CSDDD requires companies to conduct due diligence on human rights and environmental impacts across their supply chains.

The consultation will run until 24 July and is intended to inform the practical guidelines being developed. Stakeholders can submit their views through an online questionnaire, with the consultation focusing on collecting inputs on best practices and current issues experienced by stakeholders.

### European Sustainability Reporting Standards (ESRS)

The EU Corporate Sustainability Reporting Directive (EU CSRD) requires in-scope EU undertakings (including EU subsidiaries of non-EU parent companies) to report on sustainability matters in accordance with the ESRS.

The ESRS set out the specific requirements and datapoints that companies subject to the EU CSRD will or may need to report. The first set of ESRS was adopted in July 2023.

The European Commission launched a consultation (until 3 June 2026) on revised ESRS, alongside a new voluntary reporting standard for small and medium enterprises (SMEs). These changes are aimed at significantly reducing reporting burdens while maintaining alignment with EU sustainability goals.

The main changes include a simpler, more flexible materiality assessment and better alignment with global standards and EU laws, such as CSDDD.

**UK Forest-Risk Commodities regulation**

On 23rd June 2026, the Government released a statement which announced the application of the EUDR in Northern Ireland, and their intention to consult on GB Deforestation regulations

The SME standard introduces a voluntary reporting framework for smaller companies not within scope of CSRD. The standard has a “value-chain cap”, which limits how much ESG data large firms can demand from smaller suppliers (less than 1,000 employees).

The feedback is currently being assessed by the Commission. Once in force, the revised ESRS will apply to financial years beginning on or after 1 January 2027.

### Brazil’s ‘Agribusiness Day’ bills

On 20 May 2026, Brazil's 'Agribusiness Day' saw a coordinated legislative push in the Brazilian Chamber of Deputies to approve four agricultural and environmental bills.

These bills include:

- PL 2486/2026, which reduces the protected area of the Jamanxim National Forest, transforming 40% into an Environmental Protection Area (EPA), a conservation unit with a lower degree of protection.
- PL 2564/2025, which restricts the use of remote technologies, like satellite data, in environmental enforcement. In practice, it would prevent IBAMA, Brazil’s main environmental agency, from imposing sanctions based exclusively on satellite images used to detect illegal deforestation and other environmental crimes.

The Ministry of Environment has expressed concern over the PL 2564/2025 bill. Remote embargoes currently correspond to two thirds of all IBAMA sanctions and have contributed to increasing inspection efficiency by 14 times. The bill has the potential to compromise the ability of the State to act on hundreds of thousands of annual deforestation polygons.

The bills still need approval in the Senate before reaching President Luiz Inácio Lula da Silva. WWF Brazil and other environmental organisations have criticised the approval, arguing the measures weaken environmental governance, licensing procedures, and protections for Indigenous lands and native vegetation. Critics warn that the proposed changes could increase legal uncertainty, reduce environmental oversight, and accelerate deforestation risks linked to agricultural expansion and infrastructure development.

The bills present a risk increase for the UK soy market, by making it harder and more costly to verify deforestation-free sourcing. For UK businesses, the likely impacts are greater due diligence pressures, higher traceability costs and more scrutiny of vDCF claims. It also may increase reputational risks.

### US proposed TREE Act

In May, Congressman Lloyd Doggett, a Democrat from Texas, introduced H.R. 8744, the "Trade Responsibly for Environmental Emissions Act" (TREE Act). This legislation would prohibit the import of commodities and products derived from lands affected by deforestation or forest degradation. Congressman Doggett's press release, announcing the introduction of this bill, explicitly stated that the TREE Act is an effort to replicate the EUDR in the United States.

The proposed bill reflects a wider shift to align with the EUDR and if entered into force, has the potential to alter trade flows of forest-risk commodities.

## Wider market updates

### Accountability Framework Initiative (AFi) Finance Tool

The AFi have developed a new finance tool which helps financial institutions identify, assess and address deforestation, ecosystem conversion and related human-rights risks in their lending and investment portfolios.

The tool translates the AFi's ethical supply chain expectations into finance-sector criteria and indicators. This includes indicators from leading disclosure and assessment platforms like CDP, Forest 500, Forest IQ and the Global Reporting Initiative. The tool is aimed at banks, asset managers, investors and pension funds with exposure to agriculture and forestry commodities.

**EFI commodity convertor**

The EFI have launched its Commodity Convertor, an open-access online tool that aims to help users understand how processed agricultural products relate to original raw commodities. The tool covers soy, palm oil, cocoa, coffee, timber and rubber.

The tool translates quantities of processed products into raw commodity equivalents and estimates the planted area required, based on available yield data. It is designed to support more comparable and clearer information across complex supply chains.

**El Nino**

The World Meteorological Organisation has indicated that there is an 80% likelihood of an El Nino event during June – August 2026, with a 90% certainty this will continue until at least November.

This event is predicted to be a "super El Nino", where ocean temperatures in the Pacific rise higher than two degrees C. It is forecast to bring an increased frequency of extreme weather events. Droughts are expected to be experienced by regions including central and southern Africa, while heavier rainfalls are predicted in regions such as Peru and eastern Africa.

Farmers are already facing resilience challenges from the ongoing Middle East conflict-related fertiliser and fuel disruptions. High fuel and fertiliser costs, when combined with extreme weather events, has the potential to increase the likelihood of food insecurities and impact supply chain resilience, as farmers have reduced adaptive capacity.

# Commodity specific updates

## Soy

**FEFAC joint statement**

FEFAC have issued a joint statement, alongside COCERAL and FEDIOL, in response to the EUDR simplification review.

They argue it does not deliver meaningful simplification and is *"insufficient to deliver legal certainty* due to a lack of a formal legislative amendment. They note that the Commission's guidance and FAQs, while helpful, are non-binding and therefore insufficient to ensure consistent enforcement or reduce compliance risk.

The associations warn that continued uncertainty may expose operators to penalties and disrupt supply chains. Technical limitations in the EUDR Information System also hinders implementation of the regulation.

**Soybean market update**

As of mid-June, soybean futures traded below $11.2 per bushel, a four month low following the announcement of a tentative US-Iran peace agreement, which has lowered crude oil prices.

Favourable crop weather in the US and higher South American production forecasts have also added pressure on lower oil prices, with the USDA forecasting 2025/26 soybean production in Argentina to reach 50 million metric tons and 180 million metric tons in Brazil.

Despite favourable conditions in the US, there is weak Chinese demand for US soybean exports. Export volumes to China for the 2025/26 season is forecast to fall almost 50%, to a 19 year low according to USDA.

### Buyers reaffirm support for the Amazon Soy Moratorium (ASM) as legal discussions continue in Brazil

Following the withdrawal of major grain traders from the Amazon Soy Moratorium earlier this year, pressure from downstream companies has continued to grow, including from the UK Soy Manifesto (UKSM). During the second quarter of 2026, retailers, food companies and civil society organisations across Europe renewed calls for traders to maintain the Moratorium's core commitments and continue excluding soy linked to post-2008 Amazon deforestation.

The statement comes amid ongoing discussions in Brazil regarding the future of the Moratorium. The Supreme Court-led conciliation process involving state governments, industry representatives and civil society organisations has abruptly ended in favour of the decision going back to the Federal minister. This is to decide based on evidence rather than relay on two parties to come to an agreement which was deemed unfeasible.

The process centred around key issues including the retention of the Moratorium's 2008 cut-off date and the role of voluntary private-sector commitments that go beyond national legal requirements.

The outcome of these discussions is expected to have important implications for sustainable soy sourcing and market confidence in Brazil's soy sector.

A study by Rausch et al. (2026) estimates that the end of the ASM could result in 1.4 million additional hectares of deforestation over the next decade, a 14% increase over historic rates, and the release of 843 MtCO2e. In the long term, 9.1 million hectares of forest on private properties could be legally cleared under Brazil's Forest Code, while an additional 28.7 million hectares of undesignated public forests face heightened risk of illegal conversion.

### Non-GM soybean production expected to increase in Europe

Non-GM soybean production in Europe is increasing and is forecast to rise by 2.4% to 2.82 million tonnes in 2026.

This is driven by higher nitrogen fertiliser prices, linked to the ongoing Middle East conflict, which improves soybeans' competitiveness against other crops such as maize that are more reliant on nitrogen fertilisers.

Increased production is also linked to growing demand for non-GM and deforestation free soy.

Non-GM soybean prices at the Bologna Exchange have risen strongly, by around 10% and peaked mid-March at close to 450 EUR/t. Prices have since eased and stood at 420 EUR/t in mid-April.

Brazil is expected to remain an important supplier of non-GM soy to Europe (which accounts for around 10% soybean and soybean meal imports). Brazil's production of non-GM soy expected to stay low at around 1.5 million tonnes in 2025/26, but this should be sufficient to support European non-GM soy imports.

### VISEC strengthens Indigenous Peoples safeguards through agreement with INAI

VISEC has signed a cooperation agreement with Argentina's National Institute of Indigenous Affairs (INAI) to strengthen the socio-environmental safeguards incorporated into its soy traceability system. Through this collaboration, VISEC will integrate official information on Indigenous territories and registered conflicts, allowing participating companies to identify potential overlaps between soy production areas and Indigenous lands. The initiative represents an important step towards expanding traceability beyond deforestation criteria alone, incorporating social risk considerations that are increasingly relevant for international markets. The agreement also reinforces VISEC's objective of providing a comprehensive risk assessment framework for soy supply chains linked to Argentina.

### RTRS Global Meeting Point: launch of reform process and key figures from 2025

The Round Table on Responsible Soy (RTRS) held its first "Global Meeting Point", which celebrated its 20th anniversary and brought together over 100 leaders from 70 organisations.

The meeting highlighted key figures from 2025. This includes the increase in certified soy production surpassing 10 million tonnes for the first time, to 10.3 million tonnes. This represents a 42% increase compared to 2024.

As of March 2026, over 84,000 producers are certified under the RTRS Production Standard (83,000 of these producers are smallholders).

Consumption of certified soy also increased to 7.4 million tonnes, which represents a 9.5% increase compared to 2024. However, this increase varies by sector. Whilst there has been an increase in uptake of certified material in the feed sector since 2023, rising from 3 million tonnes to 4.8 million tonnes in 2025, there has been a decrease in the retail and food service sector. Uptake has declined, from 0.8 million tonnes in 2023 to 0.2 million tonnes in 2025.

A possible explanation for this decline could be that the purchase of RTRS credits has shifted upstream in retail and food service supply chains, as companies are requesting their suppliers purchase credits instead of directly purchasing them themselves.

The meeting also saw the initiation of a comprehensive reform process, which is aimed at strengthening its governance structure, membership policy and assurance system. Following the completion of an inception phase led by external consultants, RTRS has begun a broader consultation and analysis process involving members and stakeholders across the soy value chain.

The reform is intended to enhance the credibility, effectiveness and future relevance of the RTRS standard at a time when market expectations around traceability, assurance and responsible sourcing continue to evolve. The process may result in significant updates to how RTRS is governed, how membership is structured and how compliance with the standard is verified.

## Palm Oil

### Indonesian Government Regulation on Natural Resource Commodity Export Governance

On May 20 2026, President Prabowo Subianto announced Indonesia's new natural resource export regulation, which took effect on 1 June 2026. It marks a major shift for commodity exports, with the initial focus on palm oil, coal and ferroalloys. Exports must be carried out through PT Danantara Sumberdaya Indonesia (DSI), a state-owned enterprise appointed by the Government as the sole exporter.

The regulation aims to strengthen government oversight and monitoring and address issues of under-invoicing, transfer pricing and the flight of export earnings overseas.

The regulation will be implemented in a two-phase rollout; from 1 June 2026 to 31 December 2026, DSI will act as an appraiser and intermediary between sellers and buyers of palm oil, coal and ferroalloys. In the second phase, DSI is planned to function as a trading company and will directly purchase and sell the covered export commodities.

### Increase in Malaysian stockpiles

Malaysian inventories reached 2.43 million tonnes in May, an increase of 5.2% compared to April, according to data released by the Malaysian Palm Oil Board.

Simultaneously, exports fell 14% in May, to a one-year low of 1.11 million tonnes. Malaysia is facing intense competition from Indonesia.

The initial expectation that the new Indonesian policy would divert demand to Malaysia has yet to materialise, as buyers in key markets, including India and China, are currently purchasing more attractively priced Indonesian palm oil. This pricing is due to incentives for Indonesian refiners and exporters to export supplies before the new regulation is enforced.

### China's scramble for Indonesian palm oil following the announcement of its export regulation

China is taking advantage of lower palm oil prices, with Chinese buying rapidly increasing since the export policy was announced.

Volumes purchased are unusually large. China usually imports around 17 to 18 cargoes a month of Indonesian palm oil, but in the two weeks since the new Indonesian export policy was announced, China has purchased at least 18 cargoes, which is projected to reach 30 cargoes.

Despite the rapid increase, according to Business Times, traders and investors remain cautious about the long-term impact of Indonesia's new policy, which could lead to higher palm oil prices and a reduction in exports.

### Agriculture Ministry of Indonesia probes 300 palm oil firms over fresh fruit bunch (FFB) prices

On 8 June, Minister of Agriculture Andi Amran Sulaiman announced around 300 palm oil companies will be investigated for their failure to increase FFB prices, despite an increase in global crude palm oil (CPO) prices and the strengthening of the U.S dollar against the rupiah.

According to the minister, global CPO prices have increased by 47% and the dollar exchange rate by over 10%. However, FFB prices declined in some regions by as much as 17%. The Minister stressed that FFB prices must increase by around 10% in line with global market and currency trends, in order not to disadvantage the around 2.6 million Indonesian smallholder farmers dependent on palm oil.

### Sri Lanka reconsidering its ban on palm oil cultivation

The Sri Lankan government are considering lifting the ban on palm oil cultivation, subject to final approvals and sustainability safeguards.

The Asian Palm Oil Alliance (APOA) has welcomed these developments and considers it a *"positive and pragmatic step towards strengthening edible oil security, supporting rural livelihoods, reducing import dependence and promoting science-based sustainable agriculture in Asia"*.

They argue that responsible farming practices could help the country to meet food security and environmental goals, with the APOA Chairman Atul Chaturvedi highlighting *"oil palm ranks among the most efficient vegetable oil crops globally in terms of yield per hectare"*.

### EUDR Annex I additions for palm oil

The European Commission has expanded Annex I to include a wider set of palm-derived oleochemicals and chemically modified products.

This moves the EUDR beyond crude and refined oils into downstream derivatives used extensively in cosmetics, detergents, personal care, pharmaceuticals, coatings, plastics and industrial chemistry.

These additions mean that companies using palm-based intermediates, not just food oils, now fall under EUDR due diligence requirements.

Manufacturers of fatty alcohols, glycerine, surfactants and soaps will need to provide mill-level and plantation-level traceability, which many have not previously supplied.

Risk hotspots resulting from the broader EUDR scope include multi-origin oleochemical blends, traders and formulators with limited upstream visibility and complex supply chains involving palm kernel oil (PKO) derivatives.

## Cocoa

### Water footprints of chocolate

Chocolate has one of the largest water footprints of any food product by volume of finished products. 2400 litres of water are needed to produce a standard sized 100g chocolate bar.

However, cocoa farming communities face extreme water poverty and climate vulnerabilities, with water use in the cocoa sector deemed unsustainable and unjust.

Water Witness recently published a report highlighting this 'unfair' water footprints in cocoa supply chains,.

A key finding from the report is that not a single cocoa-growing community visited by Water Witness had reliable access to safe water, sanitation or hygiene (WASH) facilities. This is in spite of the fact that access to safe water and sanitation are both recognised by the United Nations as fundamental human rights. Communities cited numerous challenges including inadequate infrastructure, poor water quality and lack of finance. Poor WASH access led to ill health, time burdens, missed work and loss of dignity.

Additionally, concerns were raised about the high levels of pesticide use in cocoa cultivation, which led to pollution of watercourses. Farmers also highlighted their vulnerability to climate change, which caused significant declines in harvests in 2023-24.

Water Witness are therefore calling for action by the public and private sector to address water footprints in supply chains and work towards responsible water use through water stewardship.

A recording of their recent webinar for the UKSCI can be found on the Sustainable Commodities Resource Hub. If you would like more information, please contact UKSCI@efeca.com

### Cocobod's new financing model

Ghana's cocoa board, COCOBOD, is planning to raise around $1 billion through commercial paper for 2026/27 under its new financing model. The model transitions away from COCOBOD's long-standing syndicated offshore loan structure to a locally financed, tranche-based funding model for cocoa purchases. It is in the advanced stages of implementation and is intended to lower borrowing costs, reduce foreign exchange exposure and improve the flexibility of seasonal working capital management.

For the cocoa market, the main implication is a potential shift in how purchase financing risk is distributed. If implemented smoothly, the model could support more stable bean procurement and timely farmer payments, while also increasing the role of domestic financial institutions in cocoa supply chain finance. However, the approach will depend on local liquidity, investor appetite, and the ability of the new framework to function reliably during periods of market volatility.

### Launch of cocoa alternatives

AAK have launched a cocoa butter equivalent, ILLEXAO EN 10. The launch of this butter reflects the broader market direction towards using cocoa alternatives. In April, UK-based Fermtech raised £2.5 million to scale Koji Cocoa, a cocoa alternative made from cocoa shells, while Italian foodtech company Foreverland have secured EUR 6 million to boost its organic cocoa-free alternative.

In addition, Mondelez International have created what it claimed to be the world's first milk chocolate bars made with cultivated cocoa butter. Barry Callebaut are also scaling ChoViva, a cocoa-free chocolate alternative made from sunflowers and oats, which has gained traction in Europe and Asia and has now been introduced to North American markets.

It comes at a time when chocolate manufacturers are under increasing pressure to reformulate chocolate products in response to sustained cocoa price volatility, supply uncertainty and rising production costs.

## Coffee

### Coffee price volatility

The 2026 Coffee Barometer (see below) highlights the boom-and-bust nature of the coffee sector, where high prices are followed by a rapid correction. The report highlights that price recoveries are temporary, which has negative implications for the market and for coffee producers.

In February 2025, the ICO Composite Indicator Price climbed to a record monthly average of 354.52 ¢/lb, marking the highest price ever recorded. By March 2026, the I-CIP had fallen to 273.70 ¢/lb, more than 22% below its peak. This is due to a combination of factors including the gradual rollback of US tariffs and improved harvest prospects; the ICO projects global coffee production for 2025/26 to reach a record of 179 million bags, driven by recoveries in Vietnam and Indonesia and increased output in Ethiopia.

Simultaneously, global consumption continues to rise, keeping stocks low for the fifth consecutive year. Inventories are expected to decline to around 20 million bags. This has left the market sensitive to disruptions, such as the closure of the Strait of Hormuz, which has driven up fertiliser prices and has lengthened shipping routes by up to 30%.

### The 'premiumisation of coffee'

Despite price volatilities in the coffee sector, the BBC reports that consumers are willing to pay higher prices for coffee, with demand 'inelastic', not responding to price signals.

This is reported to be particularly true among younger generations, who are shaping coffee trends. Lavazza have commented on the growing popularity of cold brews among young people, which can be seen as an example of 'premiumisation', whereby businesses justify higher prices by making their products look 'fancier'.

Nestle and Starbucks recently jointly launched 'Starbucks Coffee Craft' concentrate, a premium concentrated coffee designed to boost sales in the growing cold brew market. The drink will launch initially in the UK, Japan and Korea throughout 2026.

Cold coffee is viewed as a high-growth segment, with some forecasts predicting it to exceed $4 billion in value by 2030.

### Publication of the coffee barometer

On 11th June, the 20-year edition of the Coffee Barometer was published. It presents an opportunity to reflect on the coffee sector over the past two decades and confront the challenges it continues to face.

As discussed above, 2025 saw record-high coffee market prices. This paper highlights that although higher market prices led to improvements in farmgate prices, this did not translate evenly as production and input costs continued to rise, with many coffee producers still fall short of a living income.

Ultimately, the coffee sector remains vulnerable to market volatility. Despite increasing sustainability initiatives and commercial incentives, the structure of the coffee sector has remained largely unchanged, with climate vulnerability increasing and producers living below income benchmarks.

The coffee sector is also growing its dependency on a small number of producing regions, with only four countries accounting for almost 70% of global coffee (Brazil 35%, Vietnam 17%, Colombia 8%, Indonesia 7%). This increases risks of climate shocks, and restricted supply in one of these regions can quickly have global consequences.

The Coffee Barometer calls out each part of the sector to establish a shared commitment to equity and resilience for its long-term sustainability. It analyses the transparency of major coffee brands, roasters and traders, measuring them against metrics they report and progress towards achieving these (revenue, volume, investments in sustainability, living income targets, net zero targets etc.).

### Launch of Coffee Canopy Partnership

The Coffee Canopy Partnership, developed in collaboration with leading coffee companies including JDE Peet's, Louis Dreyfus Company, Neumann Kaffee and Tchibo, was launched on 22 April.

The initiative marks a step towards coordinated action at landscape scale and aims to create "*the world's first comprehensive, openly accessible map of global coffee production.*" This is intended to provide a clearer picture of coffee production regions and associated deforestation risks.

The Partnership will use Airbus's satellite technology to map coffee farms and identify areas at risk of deforestation. It will initially launch with an East Africa pilot covering Ethiopia, Tanzania, Kenya, Uganda, Burundi and Rwanda, with the aim to achieve worldwide coverage of all coffee-growing regions in 2027.

## Wider commodity section

### EU ban on Brazilian meat and live animal imports

On 12 May, the European Commission removed Brazil from its approved exporter list of meat and live animal exporters, starting from 3 September 2026. This is due to Brazil's failure to comply with EU regulations on antimicrobial use in the production of livestock.

This decision prohibits the export of Brazilian cattle, horses, poultry, eggs, aquaculture products, honey and casings to the EU unless Brazil takes steps to comply. EU regulations prohibit the use of antimicrobials to promote animal growth and treating livestock with antibiotics reserved for human infections.

The impact of this ban is likely to increase beef prices, due to reduced supply, alongside shifting imports of boneless poultry breast meat to Thailand if the ban persists.

The Brazilian government received the decision with “surprise” and has vowed to take immediate action to reverse the removal.

### Update on UK-EU Sanitary and Phytosanitary (SPS) agreement

The UK Government has published guidance to help businesses prepare for a potential SPS agreement. While still under negotiation, it is expected to take effect in mid-2027.

The agreement is intended to form a new strategic partnership with the EU on the movement and trade of plants, plant products, animals, animal products, feed and food. If entered into force, the agreement would more closely align UK rules with EU food safety, animal health and plant health standards.

This closer alignment on animal health means there is potential for the UK to follow suit on the EU’s ban on Brazilian meat and live animal imports.

Further Government updates are expected later this year and into 2027 once negotiations are concluded.

**If you would like to find out more about any of the UKSCI working groups (Coffee, Oleochemicals, Foodservice and Embedded Soy), please contact UKSCI@efeca.com.**