Cross-Sectoral Analysis and Stakeholder Engagement for EUDR Implementation in Thailand's Palm Oil and Wood Sectors

Executive Summary of EUDR Study: Provision of Sectoral Expertise and Analysis Related to the EU Deforestation Regulation (EUDR) in Thailand

Executive Summary

Introduction,

The European Union Deforestation Regulation (EUDR) the EU aims to minimize its contribution to deforestation and forest degradation worldwide thereby contributing to mitigate climate change, reduce greenhouse gas emissions and biodiversity loss. Entered into force in 2023, the regulation mandates that key commodities such as natural rubber, palm oil, and wood must be deforestation-free, legally produced, and traceable to their source. This regulation has significant implications for Thailand, a major producer and exporter of these commodities, affecting economic growth and rural livelihoods. Preparing for EUDR application presents challenges, especially for small holder farmers and SMEs lacking robust traceability systems and legal documentation. While only operators and traders as defined by the EUDR have due diligence obligations under the EUDR, it is in the interest of Thai supplychain actors to provide relevant information to their business partners to maintain their access to and competitiveness for the EU market.

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Objective and Scope of Study

The primary objective of this study was to support Thailand's alignment with the EUDR by developing a clear understanding of the environmental and social risks facing its palm oil and timber sectors, while identifying promising sector-specific pathways to compliance. At the heart of the analysis was the recognition that legal definitions, land tenure systems, traceability infrastructures, and institutional coordination would require urgent attention and clarifications to meet EUDR standards. Additionally, the study aimed to assess the roles, interests, and influence of key stakeholders (from government bodies to processors, smallholders, NGOs, and certifiers) to map viable engagement strategies and ensure no actors are left behind.

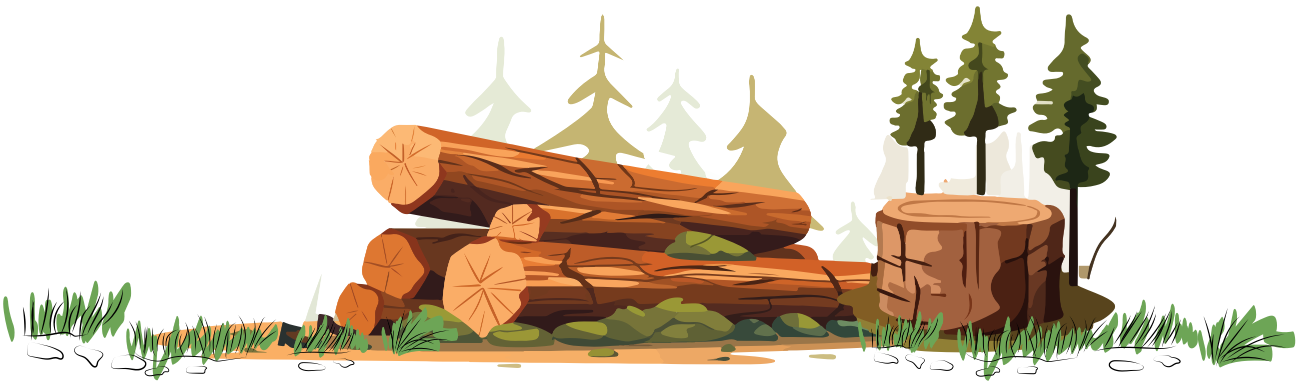
Conceptual Framework

A mixed-methods approach guided the research. Comparative analysis focused on seven EUDR-aligned criteria, including deforestation drivers, environmental impacts, land tenure, labor conditions, supply chain traceability, uptake of sustainability standards, and regulatory enforcement. This analysis was complemented by twenty-two structured interviews with stakeholders from both sectors, and by the construction of an influence-interest matrix to better understand who holds decision-making power, and who requires greater support.

Key findings

The findings reveal shared structural challenges across both sectors, most notably in the areas of land tenure uncertainty and traceability. In the palm oil sector, over 400,000 smallholder households dominate production, yet a significant number lack formal land titles or the means to demonstrate legal land use. Traceability is further compromised by the widespread reliance on informal intermediaries, which obfuscates the origin of fresh fruit bunches (FFB) and could undermine mill-level due diligence. Although certification standards like Roundtable for Sustainable Palm oil (RSPO) exist, uptake remains limited, end of 2024 less than 5% of the total palm oil plantation area as of end-2024. Separating EUDR-compliant volumes, in cases where EUDR compliant and non-compliant products share processing and storing facilities, could present a financial and logistical hurdle for processors, especially when faced with the perishability of FFB and the limited time window for processing. Direct engagement between processors and smallholders will be critical to stabilizing supply chains and ensuring legal and traceable sourcing. There could thus present a pivotal moment for more structured cooperatives or farmer organizations to emerge and providing essential "first mile traceability and transparency", which in turn may alter supply chain dynamics and burden/benefit sharing arrangements.

The timber sector, by contrast, benefits from a head start in regulatory infrastructure. Since the implementation of the EU Timber Regulation (EUTR), Thailand has developed the Thai Timber Legality Assurance System (TH-TLAS), a legality verification framework that, while promising, still requires adaptation to meet the EUDR's broader (i.e. deforestation-free) requirements. Plantation-sourced timber, particularly from rubberwood and eucalyptus, offers lower-risk supply potential, yet self-declaration systems and informal trade practices continue to obscure origin data.. With stronger emphasis on capacity building for public infrastructure and standards for digital traceability systems, together with better integration of smallholder forestry, adaptation to the new context can be significantly accelerated. Informal labor arrangements and limited social protection also emerge as potential vulnerabilities, particularly within in smaller processing facilities.



The stakeholder analysis highlighted significant disparities in both influence and capacity. When analyzing the political sphere, core government agencies such as the Department of Agriculture (DOA), Department of Agricultural Extension (DOAE), and the Forest Economy Office (FEO) hold formal mandates and high influence, positioning them as key actors in the transition. At the same time, coordination between agencies remains challenging, which can lead to fragmented approaches and slower progress, particularly regarding a shared understanding of the definition of "forest" in the EUDR context and the interpretation of land legality. Meanwhile, industry actors remain cautious, citing uncertainty over compliance costs, traceability infrastructure, and the financial implications of supply chain segregation, were it necessary.

Overview of key differences between sectors according to key comparative criteria.

CRITERIA	PALM OIL SECTOR	WOOD/TIMBER SECTOR
1. Deforestation contribution	Expected expansion could drive deforestation due to unclear land tenure situations. Mostly rubber/rice converted to palm plantations.	Timber sector is heavily regulated and mostly depends on plantation wood. Illegal logging of hardwood species is still a threat. Rubber expansion presents a risk for further deforestation.
2. Environmental impact	Environmental impact includes emissions driven by land use conversions. Processing industry pollution seems limited (also mentioned in interviews).	Especially carbon emissions seem relatively high compared to palm.
3. Land tenure and rights	Tenure insecurity persists, no reliable documents. Government action is ongoing but slow.	Similar challenge of tenure insecurity and slow progress from government action. Definition of forest are unclear resulting in overlapping land uses.
4. Labor conditions	Key challenge is migrant labor on palm fields and factories.	Although migrant labor is likely also problematic. Mainly the informal nature prevents labor protections and inclusion of communities is still limited.
5. Supply chain and traceability	Mass balance chain of custody used, and use of intermediaries creates traceability challenges.	Also, mostly mass balance chain of custody system used. Consolidation of logs and use of intermediaries creates challenges.
6. Sustainability standards	RSPO adoption ongoing in Krabi/Surat Thani. Still limited among smallholders.	FSC is promoted but uptake limited. TH-TLAS and legal system provides framework that could be refined for EUDR implementation. This provides an advantage for the sector.
7. Enforcement and regulations	Thai policies promote sustainability, but enforcement uneven. Definition mismatch is about forest/deforestation is problematic.	Forest act and restoration policies exist but are weak in enforcement and therefore enables illegal logging.

Producers, especially smallholders, demonstrate high interest in adapting to the new context, yet often have limited capacities to do so effectively. Without adequate access to information on EUDR requirements and tailored support, there is a possibility that some may struggle to fully participate. Many producers have limited access to resources, training, or digital tools needed to fully meet new traceability and land legality requirements. NGOs, farmer organizations, international institutions, certification bodies, and technical agencies could play an important role in bridging these gaps, but they need stronger institutional support to reach scale in a timely fashion.

The study poses following recommendations for further EUDR alignment and implementation:

Looking ahead, the way forward for Thailand must rest on three pillars

1. At the national level, the most immediate priority is the common understanding of forest definitions to be used and by extending mapping systems across government agencies, particularly through the completion and public integration of the "One Map" system (and clearly identified zero deforestation meta-polygons). Clarifying and formalizing land tenure through GPS-enabled documentation (especially for the Sor Por Kor and Nor Sor 3 certificates) will be vital to enabling legality claims. The recently established National EUDR Committee and its Secretariat are well-positioned to coordinate these efforts and serve as a platform for government-industry-NGO dialogue.

2. For the palm oil sector, collaboration between mills and smallholders (be it direct or mediated through farmer organizations that would retain stewardship of underlying data) must become standard practice. Only through deeper engagement, such as off-take agreements, shared investments in mapping, and simplified group certification, can processors build a stable and compliant farm base. The promotion of affordable, digital traceability tools will also be key, allowing producers to demonstrate deforestation-free production without heavy administrative burdens.

3. For timber, the pathway involves modernizing TH-TLAS, embedding deforestation-free requirements, digitizing self-declarations [QR coding], and ensuring that plantation wood is traceable to its origin.

Conclusion

In the long run, Thailand's success in meeting EUDR requirements will hinge on how effectively policy, institutions, and market actors can be aligned around a clear, predictable and commonly shared vision.
Central to this transformation is the need for greater coherence in governance and more inclusive engagement at all levels. Aligning legal definitions, accelerating [digital] land documentation, and modernizing traceability systems are essential cross-sector priorities. At the same time, sector-specific approaches must reflect the unique dynamics of each value chain. For palm oil, this means empowering smallholders and fostering direct, stable partnerships with processors. For timber, it means enhancing the existing legality assurance systems with geo-referenced, deforestation-free verification tools.

Effective implementation will depend on strong collaboration across government, industry, civil society, and international partners. The newly established National EUDR Committee has a critical role to play in orchestrating these efforts and ensuring that Thailand not only complies with international regulations but also positions itself as a leader in sustainable commodity production. By addressing the gaps with pragmatic, inclusive, and forward-looking strategies, Thailand can meet the demands of global markets while securing environmental integrity and equitable growth at home.

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