

EXECUTIVE SUMMARY



A shared prospect for farming and food in Europe

Announced by the President of the European Commission in her State of the Union Address on September 13th 2023 and launched in January 2024, the Strategic Dialogue on the Future of EU Agriculture brought together 29 major stakeholders from the European agri-food sectors, civil society, rural communities and academia to reach a common understanding on the further development of a core area of European life and economy in a new format of political discourse. The members of the Strategic Dialogue strove for a conceptual consensus that opens new perspectives for farming, food and rural areas on the continent.

Together, the members of the Dialogue have produced a comprehensive set of guiding political principles and recommendations. They consider the diversity and complexity of agri-food systems⁰¹, while the specific factors, interdependencies and trade-offs that have led to the current imbalances must be systematically addressed. The final report of the Strategic Dialogue serves as an orientation for action to create socially responsible, economically profitable, and environmentally sustainable agri-food systems. It is addressed to the European institutions, in particular to the European Commission in all its related portfolios, and to the Member States. Through the process of the Strategic Dialogue, its members have laid the ground for a new culture of engagement and cooperation that reflects their determination to work together for a sustainable, resilient, and competitive future.

01. The agri-food sector is understood here as the totality of economic and civil society actors including the consumer perspective. The sector ranges from upstream economic activity to primary production, processing and manufacturing, distribution and trade, as well as food environments and consumption, and finally to the recycling of waste. Agriculture includes all areas of plant cultivation and animal farming, as well as specialised crops and horticulture.

The Dialogue comes in a time of considerable societal transformations in which the agri-food systems themselves are involved and which are significantly influencing them. Food plays an existential role and is at the very heart of European societies. However, while the central functions of farming and food will continue to be foundational, they are undergoing rapid change. This is driven most urgently by the triple planetary crisis of climate change, biodiversity loss, and pollution that is putting significant pressure on them. In addition, increasing global political and economic tensions have exacerbated challenges facing European societies, which also affect many farmers and agri-food actors. This is happening in a climate of increasing societal conflicts that intertwine with a growing urban-rural divide.

Decisive actions are therefore required to address these challenges. The transition must be designed in such a way that it leads to agri-food systems that are more resilient, sustainable, competitive, profitable, and just. An economically, socially, and ecologically balanced system is less about maximising individual production factors, but rather about optimising benefits in terms of sustainability, resilience, profitability, and greater responsibility, not only for those involved in agriculture, but also for rural communities, civil society, and political actors. To this end, trust and cooperation between all stakeholders is more important than ever before. The present report starts by describing a shared direction of travel for this transformation in a vision that outlines the contours of European agri-food systems in 10 to 15 years' time (Part A.3.).

With its recommendations, the Strategic Dialogue acknowledges that the transition of the agri-food systems inevitably implies conflicting interests and complex trade-offs which can only be resolved through compromise. This requires a stable starting point and shared foundations and objectives to steer the sector's transition

which can be subsumed in ten guiding political principles (Part B):

1. The time for change is now.
2. Cooperation and dialogue across the food value chain are critical.
3. Policy measures must be coherent and create powerful enabling environments based on fruitful synergies.
4. Food and agricultural production play a strategic role in the new geopolitical context as an essential part of European security.
5. The role of young people in agriculture and rural areas and the diversity of European food and farming systems are an important asset.
6. Economic, environmental, and social sustainability can reinforce each other.
7. Markets should drive sustainability and value creation across the chain and better internalize externalities.
8. The opportunities of technology and innovation should be leveraged to support the transition towards more sustainable agri-food systems.
9. The shift towards balanced diets that are healthier and more sustainable is essential for a successful transition.
10. Attractive rural areas are of crucial importance for food security, the future viability of society, and liberal democracy.

Against this background, the Strategic Dialogue proposes a set of recommendations, in particular:

1) Strengthening farmers' position in the food value chain :

by encouraging them to better cooperate, reduce costs, increase efficiency, and improve prices and decent income from the market. This would imply proactive steps both at European and national level to strengthen the competitiveness of farmers and the chain, increase transparency in the food chain, support cooperation and capacity building, better address unfair trading practices, and better work together along the chain to deliver on sustainability (Part C.1.1).

2) Deploying a new approach to deliver on sustainability:

The Strategic Dialogue supports and commits to the maintenance and enforcement of existing EU legislation and to finding actionable leverages to improve its implementation. Members call for launching an EU-wide benchmarking system in agriculture and food systems aiming to harmonize methodologies of on-farm sustainability assessments. This system should be based on common objectives, principles, and criteria, and include monitoring and verification tools with common metrics and indicators. It should measure where each farm and sector stands, facilitate comparisons across diverse sustainability objectives and ambitions and thus contribute to carry out the necessary steps to increase sustainability standards (Part C.1.2).

3) Preparing a Common Agricultural Policy (CAP) fit for purpose:

The current policy needs to be changed to meet current and future challenges and to accelerate the ongoing transition of agri-food systems towards more sustainable, competitive, profitable, and diverse futures. This is also essential to make the CAP fit for purpose in the context of

the EU's enlargement process. Taking this into account, the future CAP should focus on these central objectives: (1) providing socio-economic support targeted to the farmers who need it most; (2) promoting positive environmental, social, and animal welfare outcomes for society; and (3) invigorating enabling conditions for rural areas. Based on farmers' economic viability, the CAP should deliver income support for certain active farmers in a much more targeted way. This dedicated support should prevent farm abandonment and help ensure that farmers can have a decent income, targeting those most in need, in particular small and mixed farms, young farmers, new entrants and in areas with natural constraints. Rewarding and incentivizing farmers to establish and to continue providing ecosystem services, environmental payments should go beyond what is required by EU legislation and aim at the highest ambition in a system to be linked to quantifiable results using robust indicators. Reaching the EU's objectives in terms of agriculture and food production, rural development, climate neutrality, and biodiversity restoration requires a dedicated and commensurate budget that matches all ambitions in a balanced and equal importance. Financial support to environmental and climate actions will need to substantially increase annually throughout the following two CAP periods, starting from the current share of budget for eco-schemes and agri-environmental and climate instruments (Part C.1.3.).

4) Financing the transition:

To ensure a sufficiently funded transition, both public and private capital needs to be mobilized. A Temporary Just Transition Fund should be established outside the CAP to complement support for the sector's swift sustainability transition. The public and private sectors should better cooperate to mobilize capital for projects

that enable both small- and large-scale farmers and food system stakeholders to transition towards sustainable practices and systems. At the same time, an effective bank lending framework is needed as well as adjustments in the prudential framework and coherence across various funding schemes. The European Investment Bank should implement a specific group loan package for the sector. The Strategic Dialogue welcomes the EIB Group's decision to identify agriculture and bioeconomy as one of its key priorities under its 2024-2027 Strategic Roadmap and its aim to step up its support for the agri-food value chain. (Part C.1.4.).

5) Promoting sustainability and competitiveness in trade policy:

The European Commission should ensure greater coherence between its trade and sustainability policy. At the same time, the current approach to conduct negotiations on agriculture and agri-food should be reviewed. The European Commission must better recognize the strategic relevance of agriculture and food products in trade negotiations, undertake a comprehensive review of its negotiation strategies and review its method of conducting impact assessments prior to trade negotiations. Furthermore, stronger leadership is needed in the reform of the global trade policy framework. (Part C.1.6.).

6) Making the healthy and sustainable choice the easy one:

The European Commission and Member States should adopt demand-side policies, which address agri-food systems as a whole, to create enabling food environments where balanced, sustainable, healthy diets are available, accessible, affordable, and attractive. In that context, the Strategic Dialogue observes a trend in the EU towards a reduction of consumption of certain

animal-based products and an increased interest in plant-based proteins. To improve the sustainable balance between animal and plant-based protein intake at the European population level, it is crucial to support this trend by re-balancing towards plant-based options and helping consumers to embrace the transition. The European Commission should conduct a full review of EU food labelling legislation, as well as publish a report evaluating the current measures relating to the marketing to children. Moreover, fiscal tools in the form of tax reduction for consumers should be provided to foster coherent price signals and Member States should foresee measures to safeguard food affordability for lower income consumer segments through social and fiscal policies. Further actions should be also carried out by the European Commission and Member States to achieve a more upgraded framework for public procurement on sustainable food and enable food banks and other non-profit organizations to maximise their role (C.2.1).

7) Enhancing sustainable farming practices:

Urgent, ambitious, and feasible action is needed at all levels to guarantee that the sector operates within planetary boundaries and contributes to the protection and restoration of the climate, ecosystems, and natural resources, including water, soil, air, biodiversity, and landscapes. To advance into this direction, the Strategic Dialogue foresees specific recommendations to promote agrobiodiversity, improve nutrient management, advance in the decarbonization of mineral fertilizers as well as develop and use biocontrol. At the same time, the European Commission and Member States need to continue to support organic production as well as agroecological farming practices. The Strategic Dialogue calls for the establishment of a well-resourced nature restoration fund (outside of the CAP) to support farmers and other land managers to restore and

manage natural habitats at the landscape level (Part C.2.2).

8) Reducing GHG emissions in agriculture:

The European Commission and Member States should work on a coherent mix of policies, combining incentives and regulatory measures, that include: (1) the establishment of a comprehensive methodology to set a GHG emissions accounting system and specified goals for the different types of agriculture and its structural conditions; (2) a general pathway to boost the implementation of appropriate measures and promote access to investment across agriculture and territories in order to advance towards the established emissions reduction goals. Since technological approaches will not be enough to achieve the climate goals, more ambitious actions would be defined for the most problematic areas with the implementation of territorial strategies supported by the Agri-food Just Transition Fund. While recognizing that an ambitious policy is needed, the Strategic Dialogue considers it is premature to draw any definitive conclusions on a potential future Emissions Trading System for agriculture and calls the European Commission to further work with stakeholders and experts to assess the feasibility and relevance of such a system. Fundamental concerns of such a system are also identified (Part C.2.2.1).

9) Creating pathways for sustainable animal farming in the EU:

The European Commission should set up a process for developing a strategy on the role of animal farming based on robust scientific evidence and the consultation of all stakeholders concerned. This should incorporate concrete pathways for action, including, among others, financial support for investment, advice and

education, support for practical and advanced technological solutions for emissions reduction and the promotion of innovative circular-economy approaches. In areas of high concentration of livestock, long-term solutions need to be locally developed and funded using the Agri-food Just Transition Fund. Moreover, a revision of the animal welfare legislation is needed, as well as a new regulatory framework for an EU-wide animal welfare labelling scheme (Part C.2.3).

10) Further action to better preserve and manage farmland, promote water-resilient agriculture, and develop innovative plant breeding approaches:

The European Commission should establish, together with Member States and the European Parliament, a legally binding objective of 'no net land take by 2050'. Furthermore, the European Commission should launch a new European Observatory for Agricultural Land (Part C.3.1). Also, action is needed to facilitate the adaptation of agriculture to changing climatic and environmental conditions and promote investments and practices to advance towards water-resilient and less resource intensive farming. A comprehensive and sustainability-oriented system supporting innovations in plant breeding needs to be developed to maintain yields under increasingly challenging climate conditions. The European institutions should continue to develop the European breeding model, safeguarding freedom of choice while recognizing the contribution of SMEs and farmers (Part C.3.2).

11) Promote robust risk and crisis management:

Support policies are needed to reduce the current dependencies of certain critical inputs. To enforce risk prevention and adaption at farm level, a more consistent and effective approach to risk management is needed. This includes a further

integration between risk management tools and associated investments, better complementarity with other instruments and ensure better access of the farmers to agricultural insurances. A reform of the current agricultural reserve is also needed to better target exceptional and catastrophic risks (Part C.3.3).

12) Building an attractive and diverse sector:

Generational renewal in the agri-food sectors needs to be boosted, creating a momentum for transition. Facilitating land mobility, adequate financial support, and better education are crucial to attract young farmers to the sector. Socially just working conditions in the agri-food sector are needed and require further action. The promotion of skills, better job opportunities and fairer working conditions through training and social dialogue would attract and retain agricultural workers. Gender inequalities and lacking diversity in the sector need to be better addressed. The vitality and attractiveness of rural areas must be significantly raised by implementing the long-term vision for rural areas and establishing a European rural contract (Part C.4).

13) Better access to and better use of knowledge and innovation:

Innovation, technology and knowledge play a key role in the transition of the agri-food sector. To fully leverage this potential, generation, access to and better sharing of knowledge and skills must be facilitated. Independent advisory services will be crucial in that process. More public-private partnerships and increased investments in research and innovation are vital. To ensure that innovation can benefit food system actors, regulatory procedures need to be streamlined, and digital opportunities promoted. The role of social innovation must be acknowledged and supported (Part C.5).

14) Governance change and new culture of cooperation:

All the measures and objectives proposed are part of a broader governance change which needs to be fostered with a new culture of cooperation, trust and multistakeholder participation among the actors and within institutions. It must ensure practicability and consistency between the different policy areas and overcome silo-thinking. To consolidate this new culture set out by the Strategic Dialogue, the EU Commission should establish a European Board on Agri-food (EBAF). This new platform, formed by the agri-food value chain actors, civil society organizations and scientists should identify strategies necessary to the implementation and further development of the Strategic Dialogue's conceptual consensus in order to make agri-food systems more sustainable and resilient. Beyond the establishment of this new body, the governance of this policy area at EU level should in all cases pay special attention to the need to develop smart administrative solutions, limit unnecessary bureaucratic burden, conduct thorough impact assessments, and ensure, as much as possible, inclusive policy and decision-making processes (Part C.1.6.).

As the need for action and the overall costs of inaction increase, it is up to the European Commission, the European Parliament, Member States, and stakeholders to adopt these shared recommendations and translate them into bold and swift decisions. The members of the Strategic Dialogue look forward to continuing to support this process in a constructive manner.