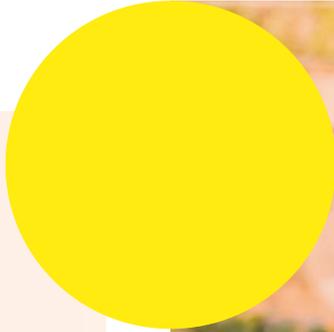




A brighter future for EU food and farming

BirdLife Europe, the EEB and WWF's vision for the future of the EU's farming policy





Authors & contact details:

Célia Nyssens-James
European Environmental Bureau
(celia.nyssens@eeb.org)

Marilda Dhaskali
BirdLife Europe and Central Asia
(marilda.dhaskali@birdlife.org)

Giulia Riedo
WWF European Policy Office
(griedo@wwf.eu)



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Executive Summary

The EU's food and farming system seems to be in a state of **perpetual crisis**, with climate-related, geopolitical, or sanitary shocks interacting to put producers, supply chains, and consumers under increasing pressure. The response to these challenges has so far focused on ad hoc and often short-term solutions. However, it is increasingly clear that transforming food systems is **essential to safeguard our capacity to produce food in the long term**, end hunger and improve diets, and address the multiple global environmental crises.

This can only be achieved through a **structural transformation** of the EU's Common Agricultural Policy (CAP). Supporting a just transition towards genuine social, economic, and environmental sustainability in the farming sector should be the *raison d'être* of the EU's future agricultural policy. This requires a clear shift, to repurpose the budget, instruments, and administrative systems of the CAP towards this new overarching objective and vision, articulated through a **Common Agricultural, Food and Land Stewardship Policy**.

The following elements should form the basis of this new policy:

- 1 | Investing fully in the transition
- 2 | Ending untargeted or harmful subsidies
- 3 | Establishing a just transition mechanism and fair conditions for farmers
- 4 | Focusing on performance and accountability
- 5 | Setting a new sustainable food system governance
- 6 | Shifting approach to risk management: from coping to preventing
- 7 | Supporting a more transparent and digital administration

The EU food and farming system is in crisis

As Europe continues to be hit by increasingly severe heat waves, droughts, and floods, the breakdown of our climate and ecosystems is causing alarmingly serious impacts on food production and wider society. While farmers are directly suffering from the effects of these crises, science conclusively shows that intensive agriculture is also the single biggest driver of **biodiversity** loss both in the EU and globally, as well as a major contributor to **climate change**, **soil degradation**, and **water and air pollution**.

Furthermore, the war in Ukraine has exposed our food system's reliance on fossil fuels and fertiliser imports, the price increase of which has deeply affected the cost of living crisis and laid bare the vulnerability of many households to food and energy price hikes.

There is now a clear **consensus** amongst scientists that transforming food systems is crucial to ensure our capacity to produce food in the long term, address the multiple global environmental crises, and ensure a fair transition. This fact is echoed in public opinion, which demonstrates strong support for major changes in the food system. This includes efforts to improve **animal welfare** and reduce **pesticides usage**. It is also reflected in the calls from **major investors**

who are advocating for repurposing agricultural subsidies in alignment with climate and biodiversity objectives.

The environmental and social crises that Europe and the world face require political leadership to drive deep and rapid policy change addressing the root causes of our agricultural system, and building a fairer, more sustainable, and resilient society.

Our food and farming system should be a top priority for action and must undertake a full transition to safeguard rural livelihoods and its ability to provide food in the long term. This requires a change in the very paradigm underpinning it, steering clear of false solutions and "technofixes" that do not solve the root causes. This will be difficult for some, but continuing with business-as-usual will be much worse for everyone.

Farmland birds have declined by over **50%** since 1980 primarily due to intensive agriculture practices

The number of farms in the EU decreased by about **37%**





3%
holdings use
52%
of the Utilised
Agriculture Area

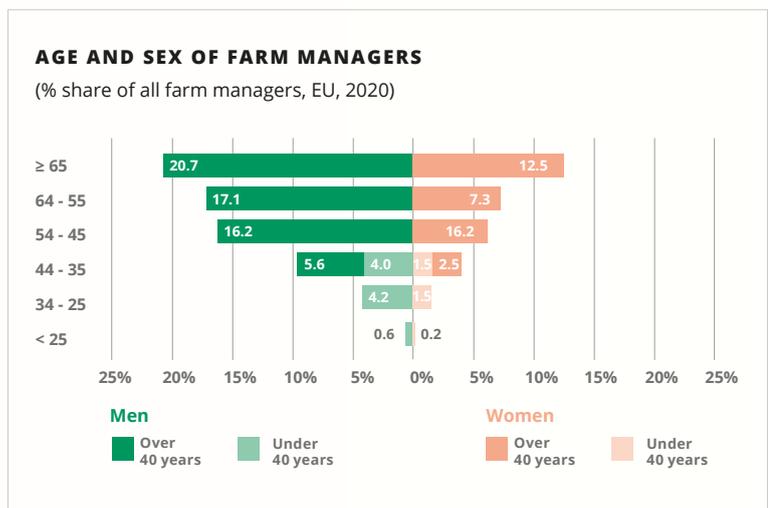
Half of the farmers are
small farmers under
5ha and need to share
among them only
6%
of the direct payments

Transforming the CAP is unavoidable

The EU's Common Agricultural Policy (CAP) has largely **failed** several of its objectives. It failed farmers, who continue **to leave the sector en masse** and are hit by one crisis after another. It also failed to address environmental issues, and in some cases **even exacerbated them**, thereby jeopardising the long-term capacity of our food system to produce food.

Despite promises, the reform finalised in 2021 has not **retargeted CAP spending** towards supporting a genuine transition to sustainable and resilient agriculture and is unlikely to address the failures of the previous CAP. The dominant subsidy scheme, area-based income support, **is not an efficient tool to stabilise farming income** and continues to favour the biggest farms, to drive land consolidation and habitat/land conversion (e.g. from wetlands to arable land, from biodiverse grasslands to arable land),

and to feed into high land prices, which slows down the generational renewal the sector desperately needs. Support for genuinely environmentally-friendly farming remains a small share of the total budget and its potential benefits are largely outweighed by the continuation of harmful subsidies (eg. support for irrigation in water-stressed areas).



What would a brighter future look like?

AGROECOLOGICAL FARMING IS THE NORM

Agroecological practices and principles are applied across the board and natural infrastructure (hedges, ponds, etc) is widely spread. Farms are no longer (or minimally) dependent on external inputs; resources are used efficiently and as part of circular systems; and animal rearing is reconnected with arable farming and grasslands in mixed farms and landscapes and respecting high welfare standards. Farmland soils, biodiversity and associated ecosystems (including wetlands/peatlands, aquifers, rivers, and seas) recover, agricultural emissions fall, and agricultural land becomes a major carbon sink.

PUBLIC MONEY SUPPORTS AND REWARDS ACTIONS FOR A HEALTHIER SOCIETY

Farmers are effectively supported in the transition towards agroecology, including by a smart and targeted incentives policy coupled with quality advisory services. Farmers and land managers who deliver ecosystem services and other public goods are adequately rewarded, whereas those who cause pollution or erode the quality of natural resources no longer receive public money and the “polluters pay” principle is fully implemented.

THE FARMING SECTOR IS DIVERSIFIED AND MORE RESILIENT

Production and revenue streams are diversified, internal and external food

markets are better regulated via fair competitiveness and the bargaining power of farmers increases. Agroecological practices and heterogeneous landscapes make rural areas much more resilient to the changing climate and economic shocks.

THE RURAL ECONOMY IS INCLUSIVE, FAIR, AND ATTRACTIVE TO NEW GENERATIONS

Women, young generations and, in general, new entrants can access land and many enter farming. Land and labour rights are strengthened and fully enforced, preventing further concentration of land ownership and improving the working conditions across agri-food supply chains. Rural communities contribute to strong and diversified economies and benefit from high quality natural spaces.

EU AGRICULTURE IS THE BASIS OF HEALTHY, SEASONAL, MORE PLANT-BASED AND LOCALLY-GROUNDED DIETS

Farmers are producing most of the food needed in the EU, and regional markets and supply chains are shorter, more transparent, and fairer, with a higher share of profits reaching primary producers. EU food production is realigned with dietary recommendations, and sustainable and healthy food become widely accessible.





How can the EU make this happen?

It is clear that a structural change of the CAP is needed. ***Supporting a just transition towards social and environmental sustainability in the farming sector should be the raison d'être of the EU's agricultural policy.*** This requires a clear shift, to repurpose the budget, instruments, and administrative systems of the CAP towards this new overarching objective and vision. Achieving long-term food security, environmental sustainability, good rural livelihoods, resilient supply chains, and healthy and sustainable diets should be the primary concerns of the revamped policy.

This means moving resolutely away from a narrow focus on agricultural production, to anchor the policy into the realm of food systems transition and sustainable land use. This would be best achieved by abolishing the 2-pillar structure of the CAP and establishing a new major funding instrument for food

system transition and sustainable land stewardship. This new approach would be articulated through a Common Agricultural, Food and Land Stewardship Policy which builds on the positive elements of the Rural Development Programmes and combines them with the visionary elements of the new strategies related to the EU Green Deal.

Going forward, we believe the following elements should form the basis of the future Common Agricultural, Food and Land Stewardship Policy of the European Union.

1 | INVESTING FULLY IN THE TRANSITION

CAP funds should be repurposed to deliver a Common Agricultural, Food and Land Stewardship Policy with the following primary objectives:

- Support the transformation of the agriculture sector towards sustainability and resilience through a wholesale transition to agroecology
- Reward land managers for good stewardship of land and natural resources and for the delivery of ecosystem services
- Contribute to the transition to sustainable, fair and healthy of the broader food system

A different mix of measures should be made available to land managers to deliver on these objectives, with a stronger focus on result-based support schemes. Incentives for the delivery of ecosystem services should go beyond cost incurred and income forgone in order to be able to attract farmers at scale.

In light of the current challenges facing the sector, support for **generational renewal, extensive farming such as High Nature Value farming, and organic farming** (conversion and maintenance) should also be strengthened. Furthermore, it is crucial that measures are accompanied by **high-quality independent extension and advisory** services.

This new policy should, therefore, **support change beyond just the agricultural sector**. It should largely maintain the current scope of the CAP's second pillar, including with regards to measures beyond the farm gate which support the wider transition to sustainable food systems, such as investments or cooperation to make food supply chains shorter and fairer, as well as measures that support the consumption of healthier, local, and seasonal food. This policy should work in synergy with the EU's Cohesion Policy to address wider rural development objectives, such as the expansion of broadband or other public

infrastructure. Additionally, it should align with a new Nature Restoration Fund for dark green land-use related measures such as rewilding or reforestation.

While transitioning to more climate- and nature-friendly farming can come at a higher cost, **public money can and should cover the difference in production costs through targeted support measures**, to make sustainable and healthy food accessible to everyone in Europe. At the same time, it is worth noting that "greener" practices can be cost-neutral or even increase net farm profits and tend to increase resilience against crises such as droughts, making these practices economically profitable in the long-run.

2 | NO MORE UNTARGETED OR HARMFUL SUBSIDIES

The new policy must deliver on existing commitments to phase out environmentally **harmful subsidies**. To facilitate the transition, a **rapid phase out of area-based income-support payments and subsidies linked to production** is needed. These direct payments not only negatively impact the **environment**, but also have a non-significant to **negative influence on farm productivity**, as they stifle innovation, slow down structural and generational change, and undermine resilience. In addition, the new policy must **immediately put an end to measures that cause direct environmental harm**, such as support for unsustainable irrigation, intensive livestock rearing, or farming on drained peatlands.

Moving away from these untargeted and harmful subsidies will allow to fundamentally repurpose the EU's agricultural budget to fund the socially-just transformation of the food and agriculture sector towards sustainability.

The repurposing of funds should already begin in the current CAP programming period through a gradual but steady increase in transfers from Pillar 1 to Pillar 2 alongside an increase in the budget allocated to fit-for-purpose eco-schemes.

3 | A JUST TRANSITION MECHANISM AND FAIR CONDITIONS

Transitioning farm businesses towards environmental and economic sustainability in the context of the phase out of income support will be harder for some, and it is crucial that they are supported in this change. Based on a robust assessment of the sectors or farm types most likely to be strongly affected by the phase out of direct payments, a just transition mechanism should be put in place to accompany those farms in the transition, both financially and by providing advice for the establishment of a long-term transformation plan.

Furthermore, a central purpose of the new policy should be to enable the structural changes needed to ensure a good livelihood for farmers from their

market income, thereby breaking the sector's excessive dependency on state aid and public subsidies. Actions are indeed required to ensure the end of unfair and opaque trading practices and rebalance the bargain power throughout the value chain actors. Additionally, the EU must act to regulate competition on global markets, both when it comes to imported goods and EU exports. These are the first, essential steps for a longer-term move towards true cost accounting.

4 | A FOCUS ON PERFORMANCE AND ACCOUNTABILITY

A **robust set of quantitative targets and impact indicators** both on EU and national level should be introduced, accompanied by **strong accountability mechanisms**. Measuring the real-world impact of funded measures is vital to show the success or shortcomings of the policy in meeting its climate and environmental objectives.

These targets should reflect the Farm to Fork and the "Biodiversity 2030" Strategies, new and existing Green Deal relat-





ed legislation, and international commitments, covering at least the following key dimensions: greenhouse gas (GHG) emissions, use and risk of pesticides, use of synthetic fertilisers and nutrient leakage, use of antimicrobials, farmland biodiversity, soil health, water use, and water quality.

To ensure that **Member States are held accountable for spending EU funds** effectively towards the achievement of the agriculture-related targets set in this policy and in wider EU legislation, the “New Delivery Model” must be revised to give the European Commission adequate powers in the approval process of national plans. Furthermore, the policy must include regular performance reviews, accompanied by real accountability mechanisms to trigger revisions in case of missed targets or, in the worst cases, penalties.

Transparency on implementation is also key and must be improved, for example by developing a public dashboard tracking progress at regional, national and EU level against the different targets and indicators of the new policy.

Finally, this shift to a genuine performance-based policy will require substantial **capacity building both within EU and Member State authorities**. Resources must be made available to ensure sufficient staffing and adequate training for staff responsible for policy design, monitoring and evaluation.

5 | NEW SUSTAINABLE FOOD SYSTEMS GOVERNANCE AND EFFECTIVE ENFORCEMENT

The current governance of the CAP, characterised by the domination of large agricultural interests and weak involvement of environmental, social, and public health authorities, is not fit for purpose. The new policy requires a new governance system, both at EU and

national levels, to ensure that **policy making and policy delivery in the area of food, agriculture and land-use reflects and responds to wider societal needs**, and that vested agricultural interests no longer prevail over common sustainability objectives and common goods (i.e. natural resources).

This governance reform should also be reflected in **stronger links between the new policy and environmental and market regulation legislation** (e.g. the Nature Restoration Law, Soil Law, climate legislation, Water Framework Directive, Sustainable Use of Pesticides Regulation etc. as well as the Unfair Trading Practices Directive and other social and labour rights acquis). In particular, the new policy should **sit under new framework legislation on Sustainable Food Systems** and explicitly and meaningfully contribute to its objectives.

In parallel, an effective enforcement and sanctioning system must be put in place, ensuring proper implementation of the existing legislation and application of the polluter pays principle. This requires strengthening capacities both on national and EU level.

6 | FROM COPING TO PREVENTING RISKS

While a stronger focus on risk management is needed in the new policy in light of increasing extreme weather events, sanitary crises and geopolitical shocks, this must first and foremost be focused on preventing the adverse impacts of such shocks by increasing the economic and agronomic resilience of farms.

The new policy can do so by supporting investments and appropriate land management that improve farmers' capacities to absorb shocks, adapt, and transform preventively, as well as in response to shocks, including from ex-

treme events related to climate change. **Agroecology**, including organic farming, **diversification** and **nature-friendly farming increase the agronomic and economic resilience of farms**. By investing in environmental sustainability, the new policy can significantly contribute to reducing the risks associated with agriculture.

7 | A MORE TRANSPARENT AND DIGITAL ADMINISTRATION

Transparency and digitalisation of the policy using Information and Communication Technologies (ICT) should be radically increased to simplify the administrative management of the new policy for farmers and public authorities. Besides satellite data, the **effective performance monitoring of the policy will require the collection of increasingly detailed farm data**, which any farmer receiving public money should be obliged to provide (ensuring proportionality with the level of support).

These data should be available to researchers after being anonymised to allow for independent evaluations of policy instruments. It is also crucial for authorities to favour constructive and non-punitive approaches to monitoring in order to build better trust with farmers.

