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Strategic Dialogue on the Future of EU **Agriculture**

A shared prospect for farming and food in Europe

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PREFACE BY THE CHAIR

Our life and coexistence in complex societies depends largely on the continuous provision of food that has been produced from and within an environmentally well-functioning nature. In Europe, this is achieved by agricultural and food systems that operate with the utmost reliability and at an impressively high level of food quality and variety.

Nevertheless, the constellation of farming and nature has become increasingly tense in modern societies for several reasons. Like our entire civilization, today's forms of the production and processing of food contribute significantly to the overexploitation of natural capital, which is both a prerequisite for this very production and a public good, namely as climate, biodiversity, soil, water and air quality, animal welfare or landscape. The triple environmental crisis makes this overexploitation obvious.

On the other hand, there is progressing structural change in agriculture. General productivity gains through technologization, intensification, expansion or standardisation of agricultural production do by no means guarantee decent profitability and social sustainability for all farmers. Not only actual global shock events or the geopolitical 'weaponisation' of supply chains, among other things, but also these structural changes in particular were demonstrated by the sometimes vehement farmers' protests that took place throughout Europe during the working phase of the Strategic Dialogue.

To put it bluntly, things have developed in such a way that all too often agricultural production and its natural preconditions have become entangled in a lose-lose constellation. This is sometimes articulated as a rivalry of decline between the various stakeholders which juxtapose farm and species extinction or crisis of income and of biodiversity or productivity and nature loss as mutually exclusive dichotomies. With a view to the equal necessity of food and natural resources, it is clear, however, that this lose-lose situation cannot be resolved in either direction alone – neither through the promotion of environmentally incompatible food production, nor through environmental protection that ignores the socio-economic conditions of farming, nor through a mere postponement of one or the other. Rather, it is about enabling win-win situations so that, as the mandate of the Strategic Dialogue states, "agriculture and the protection of the natural world can go hand in hand".

At the same time, of course, this facilitation must be developed under the conditions of broader trends that profoundly change societal expectations of the agricultural and food systems through, e.g., social differentiation, technologization, urbanisation, changes in dietary and culinary styles, or animal ethical standards. It is therefore not surprising that agriculture is one of the central fields on which contemporary societies have always and will continue to negotiate essential aspects of their self-understanding. This includes

fundamental questions such as the relationship between humans and animals or nature and culture as well as social structures such as town and village or temporal orders such as those of tradition and progress.

Even on less fundamental levels, agri-food discourses in modern societies are characterised by a variety of internal tensions. Society's expectations of agriculture, for example, are often in favour of small-scale farming in harmony with nature, while at the same time the supra-regional and supra-seasonal availability of low-price foodstuffs is expected. Or on the political level: incoherent public funding and regulation lead to contradictory requirements and leave the risk of failure largely to the sector. Also, farmers' self-conceptions sometimes contain uncoordinated elements, e.g. when they try to strike a balance between positioning themselves as victims of the planetary crisis and realising the sector's own environmental footprint. Such unsorted views, to pick a last example, also become apparent when one compares the often-idealised iconography of agriculture with the actual production practises, for example in food advertising or in the publications of agricultural associations and ministries of agriculture.

Lastly, the modernity of our conditions is also reflected in the fact that there is always a pluralism of views on such fundamental questions as well as on concrete concepts, views which can be contradictory and even partly irreconcilable. Insofar, disputes over existential issues such as agriculture, food, and nature are not only unavoidable in modern societies, but also an expression of their freedom. Against this background, agriculture, its public financing, and regulation must be re-justified under changed social conditions. Farm income and food security is an important argument, but it must be complemented by arguments that credibly focus on environmental and social responsibility and the ecosystem services that agriculture should provide.

Drawn with a few brushstrokes, this is the context in which the Strategic Dialogue on the future of EU agriculture is being positioned. Mandated ad personam by the President of the European Commission, its members had the task of working on four key issues relating to the prospects of farmers and rural areas, the preservation of planetary boundaries, the opportunities of technology and innovation and the future of the European food system (see mandate in the Annex). Since January 2024, the Strategic Dialogue has dedicated itself to this challenging task in seven plenary sessions in Brussels as well as in an uncounted number of mainly virtual consultations and meetings of working groups or task forces. The moderators of the working groups played a important role in the cohesion of the group of members and the development of shared perspectives. I am just as particularly grateful for this as I am for the unwavering commitment of the Strategic Dialogue support team. During its working phase, the Strategic Dialogue also undertook a targeted consultation of relevant European agri-food and environmental organisations; a summary of the results can be found in the Annex. A scientific symposium and a technical workshop in April and July 2024 served to promote intensive exchange with agricultural scientists.

As a forum for depolarisation, the Strategic Dialogue brings together knowledgeable specialists from the entire agri-food system. Leading representatives from the fields of agriculture, environmental, animal and consumer protection, business, worker representation, rural areas and banking work together to develop opportunities for its future prospects. However, despite three members from academia, the Strategic Dialogue is not a neutral scientific advisory body. Rather, it could be described as a round table around which representatives of vested interests come together to reach a common understanding.

With recommendations that cover a period of around ten to 15 years and are addressed primarily at the European and Member States level, the report outlines possibilities for ways of reconciling agriculture with nature. The 'Reconciliation' that the mandate speaks of is not understood as a mere compromise. Rather, it is about the functional coordination and integration of economic, environmental and social factors in agricultural production as well as all upstream and downstream stages of the entire food chain including demand side policies and consumer behaviour. This can only succeed if market conditions and food environments are organised in such a way that environmentally sustainable practices are in the economic self-interest of producers, processors, retailers, traders and consumers – even in the short term. In this sense, the Strategic Dialogue has managed to take a broad view of the issues. Its approach considers agriculture as part of the entire food system, from the individual farm to every consumer and citizen. It talks about a task for society as a whole. The following recommendations ultimately aim at preserving our quality of life, as postulated in the political guidelines 'Europe's Choice' for the European Commission 2024 to 2029.

The members of the Strategic Dialogue unanimously adopted this final report on August 29th, 2024.

Brussels, August 29th 2024

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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 systems[01], 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, less resource intensive, 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, to reduce external inputs as mineral fertilisers and pesticides, 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 into bold and swift decisions. The members of the Strategic Dialogue look forward to continuing to support this process in a constructive manner.

PART A :
Future Agriculture and Food Systems in the European Union

1. Food production, a central function in modern societies

Food production plays a fundamental role in societies because of its existential link with human life. It is culturally, socially, and economically interwoven with nearly every aspect of our collectively organized existence. Deeply integrated in nature, agriculture and food systems at large are constitutive of both society and the environment in which they are embedded. Their central functions will continue to be fundamental and irreplaceable in the future.

Food systems, particularly farming, and its associated upstream and downstream sectors, form a complex network of actors with various functional interrelations. It is of high cultural and socio-economic importance as it ensures food security for European citizens, provides millions of jobs and holdings, and contributes significantly to domestic and external trade. Agriculture is an important pillar of the vitality of rural areas in Europe and, despite significant need for improvement, many farmers have already made important advances in the transition to more sustainability defined by the United Nations Brundtland Commission as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."[01] European food quality and safety standards are world leading and the continent's diverse landscape of rich culinary heritage is of global renown. The European agri-food systems are thereby making important contributions to Europe's identity, competitiveness, and strategic autonomy, while sustaining citizens' wellbeing.

The ways in which agriculture and agri-food systems fulfil their central functions are increasingly subject to profound and rapid changes. These are driven both by exogenous and endogenous factors that are closely interdependent: most urgently, the triple planetary crisis of climate change, biodiversity loss, and pollution. These risks might become an existential threat and are already exerting significant pressures not least on farming realities. Other factors include geopolitical and geoeconomic shifts and conflicts; macroeconomic transformations, often accelerated by technological developments; shifting values and consumption styles; evolving legal and political frameworks, as well as public policy choices, and many more.

These transformative forces are triggering a plurality of profound changes in Europe's farming and food systems: on the one hand, important social transformations are taking place, with a strong demographic decline, especially in many rural areas, an ageing farming population and insufficient generational renewal in the sector. At the same time, farm structures are continuously evolving, with an increasing concentration in the agri-food sector overall and particularly of farm holdings and with a fast decline in small, medium-sized and mixed. The availability, use of, and relationship between the different factors of production (land and natural resources, labour and capital) is also changing profoundly as are the skills required by the increasingly scarce agricultural labour force. Furthermore, the ongoing automation and digitalization of food production, the emergence of new

01. United Nations (1987). Our Common Future. Report of the World Commission on Environment and Development.

business models, types of farming, and growing sustainability requirements are considerably transforming the nature of agricultural activity within the single market and global food value chains in a growingly interdependent and globalised economy.

While these fundamental transformations are general to agriculture and food systems across the European Union, the way these changes are taking place differs substantially between regions and Member States. The climatic, geological, ecological, economic, politico-administrative, and socio-cultural diversity of European agri-food systems is remarkable. It represents a strength and richness of our densely populated continent, whose values need to be recognized and promoted.

Unsurprisingly, the ongoing changes of farming and food systems, against the background of such significant diversity, are accompanied by tensions and conflicts. In such conflicts as in discourses on food production and consumption in general there is no easy 'neutral' standpoint: every actor has a particular positioning and perspective. It is in the interest of open, democratic societies that such conflicts are repeatedly negotiated in processes of social and political consensus-building that also take into account data and the latest scientific evidence. The members of the Strategic Dialogue see their responsibility in contributing to this.

The Strategic Dialogue's report is a guidance document bound to be followed-up. Its implementation will take place in a dynamic environment that will undoubtedly lead to regular adjustments. There may be developments that require heavier decisions such as market changes, geopolitical impacts, evolving technologies, successes, and setbacks regarding goal attainment. The members realize that 'no one is obliged to do the impossible' but strive for the best. This principle must be seriously ensured in the coming years, as current and future challenges at the intersection of sustainability measures and market developments call for an innovative structure of cooperation. Only a strong and longterm collaborative approach will lead to rebuilding trust.

2. Changing and challenging contexts

The members of the Strategic Dialogue are fully aware that the evolution of European agriculture and food systems is happening within changing and challenging contexts and wider societal transformations. These encompass all forms of production, distribution, consumption and waste management of goods and services in modern day economies. As the pathways and actions recommended by the Strategic Dialogue are to bring about agriculture and food systems that are sustainable and attractive to new generations, the political and administrative implementation of the recommendations must adequately consider this wider context.

2.1 The triple crisis of climate change, pollution, and biodiversity loss represents the most imposing challenge of planetary scale. To date, six out of nine planetary boundaries have been transgressed[02] and global progress towards environmental and climate goals remains modest.

The negative effects of these developments are increasingly affecting all areas of life and society. With Europe as the fastest-warming continent, extreme weather events, ranging from heatwaves and droughts to floods and hailstorms, are becoming increasingly frequent. In some parts of Europe, water availability is already a severe problem. Moreover, crops are becoming increasingly vulnerable to pests and diseases and the decline in biodiversity is weakening nature's own means of pollination and pest control. Depleted and polluted soils are less fertile and flood resistant, diminished in their ability to store both carbon and water. These developments pose a serious threat to people's health and well-being, to food security and to society and the economy in general, especially to agriculture and food systems. Some practices in agriculture and food systems are contributing to greenhouse gas emissions as well as to biodiversity loss, soil degradation, environmental pollution, or overutilization of water resources. At the same time the farming community is amongst the first victims of these multiple crises.

Similarly, the sector holds many solutions to mitigating and reversing the multi-crisis. While important progress towards more sustainability has already been made, more ambitious steps need to be taken by all actors. The Strategic Dialogue seeks consensual and effective solutions that contribute to propelling agriculture and food systems in this direction.

2.2 In addition to planetary challenges, changes in geopolitical and geoeconomic developments have exerted pressures on agriculture and food systems. While the pandemic highlighted the resilience of Europe's agri-food systems, it also exposed certain strategic dependencies and vulnerabilities of the sector and its supply chains. This has been exacerbated by rising geoeconomic tensions and geopolitical conflicts that are influencing the shape of global trade and investment flows and have challenged rule-based multilateralism and are reshaping the unsettled global order.

02. Richardson, K., Steffen, W., Lucht, W., Bendtsen, J., Cornell, S.E., Donges, J.F., Drüke, M., Fetzer, I., Bala, G., von Bloh, W., Feulner, G., Fiedler, S., Gerten, D., Gleeson, T., Hofmann, M., Huiskamp, W., Kummu, M., Mohan, C., Nogués-Bravo, D., Petri, S., Porkka, M., Rahmstorf, S., Schaphoff, S., Thonicke, K., Tobian, A., Virkki, V., Weber, L. & Rockström, J. 2023. Earth beyond six of nine planetary boundaries. Science Advances 9, 37.

Agri-food systems are far from being immune to this. Deeply embedded in global trade and value creation systems and dependent on external inputs, they have already been significantly affected by recent shocks through trade restrictions and global supply chain disruptions that have hampered the flow of goods, services, and technologies. The increasingly frequent "weaponisation" of food and strategic non-food agricultural products such as energy, notably in the context of Russia's war of aggression against Ukraine, has significantly strained the sector. Increasing prices at all stages of the food supply chain have been a further corollary of these events, which exacerbated inflation and caused the cost of living to rise.

2.3 At national level, the cohesion of European societies is increasingly strained by the intensification of social conflicts. Consensus and compromise are gradually replaced by a culture of confrontation and discord, while political, generational, territorial, and socio-economic cleavages are deepening. This notably concerns the perception of a growing divide between rural and urban areas. The unrest in the farming community that took to the street in a series of protests across Europe at the beginning of the year reflects these societal tensions. In addition, public discourse on central societal concerns, including migration, climate change, culinary and dietary styles, public health, socio-economic inequalities, and new technologies, is becoming increasingly polarized. In some parts of Europe, these sentiments have caused illiberal political currents that have seriously damaged the rule of law and democratic institutions of their countries and of the European Union in general. Agriculture and food are variously intertwined with these conflicts and can be easily instrumentalized to deepen existing social cleavages and exacerbate the increasing polarization of public debate.

2.4 Disputes over existential issues such as agriculture and food are not only unavoidable in modern societies, but also an expression of the freedoms that democratic societies are built on. At the same time, while differences in views will always persist, significant efforts are needed to address these discontents and to build bridges between seemingly opposed interests and groups: food, as a nexus between producers and consumers, between rural and urban communities, may help to restoring eroding societal ties and play a role to sustain political and democratic stability.

In a context where long held certainties are being questioned and established systems challenged, where discourse is confrontational and external pressures are mounting, dialogue, cooperation and trust are needed more than ever before. This holds true just as much for the agri-food sector as for society at large. Only through respectful close cooperation between all stakeholders of the value chain can the complex challenges of the future of food and farming in Europe be transformed into gainful opportunities for all. With this Report, the members of the Strategic Dialogue hope to sow the seeds for this collective endeavour towards European agriculture and agri-food systems of the future.

3. A vision for the future

With this report, the Strategic Dialogue proposes a set of concrete recommendations for actionable pathways towards European food systems and thriving rural areas that are to the same extent economically profitable and fair for farmers and actors of the food chain, climatically and environmentally sustainable for the planet, and socially responsible for all current and future generations.

These political principles and recommendations are guided by a vision that outlines the contours of European agriculture and food systems and rural areas in ten to fifteen years from now.

3.1. European agriculture and food systems

By 2035/2040, agriculture and food systems in Europe are flourishing within the limits of planetary boundaries. They deliver food security for Europe by providing sufficient access to a diverse range of safe, affordable, sustainable, and nutritious food for a healthy diet, produced to high standards of animal welfare and they protect and restore the natural environment and its ecosystem services in a resilient and robust economic manner. At a global level, Europe contributes proportionally to the availability and affordability of healthy food. This is thanks to its strong commitment to support and ensure global food security through various mechanisms such as trade and cooperation in respect of other countries' food sovereignty. Its global influence in this regard has increased significantly due to the strategic differentiation of its production and the latest EU enlargements. At the same time, European agriculture and food systems ensure that the EU is resilient and strategically autonomous in food, feed, and biomass. While farmers have reduced their use of synthetic inputs, the European agri-food input industry remains internationally competitive by investing in the development of new sustainable products and services based on an effective and enabling regulatory and political environment. Agriculture, food production and the protection of natural resources have been reconciled in a fair and innovative manner. Farmers receive a decent income from their production and all actors of the agri-food value chain benefit from fair prices.

Farming in Europe follows sustainable productivity patterns. A rich diversity of business models, farm types and production patterns are preserved, which ensures the sector's resilience. An innovative and investment-friendly environment has encouraged synergies between agricultural, environmental, social, and technical activities. It has also created new cohesion between younger and older generations, urban and rural areas, and traditional and modern approaches. Consequently, farming is an attractive activity for young people of all genders and the average age of farmers is falling and the share of women in agriculture rising. There is a continuous entry of young people and new entrants into the sector, leading to additional openness, innovation and sustainability for the sector and society. All agricultural workers, be they permanent, seasonal, subcontracted or migrant, benefit from quality jobs with fair working conditions and contracts. National policies provide for better social rights in agriculture, whether they relate to parenthood, sickness, unemployment, or retirement.

Farming practices have become more diversified, increasing positive externalities, and providing not only food and feed, but also sustainably sourced energy, biomass, and other raw materials. They also foster ecosystem services that contribute to climate change mitigation, e.g. by carbon

sequestration in which agriculture and forestry play a key role, or biodiversity and environment preservation and restoration. Circularity and a systemic approach to farming have become the basis of resource management to which all actors in the agri-food systems are committed. Accordingly, the circular economy extends far beyond nutrient cycles and geographical collaborations and involves all partners as equals. Moreover, emissions from EU food systems have significantly decreased in line with the EU climate and environmental objectives, while recognizing that there are unavoidable emissions inherent to farming which are counter-balanced by positive externalities. While farming models based on high quantities of harmful inputs are disappearing, more environmentally sustainable systems are flourishing, including amongst others organic farming practices and agroecology.

These sustainable production systems are rewarded through appropriate prices on the market. The enhancement of ecosystem services provides additional revenues to farmers and foresters. Food systems produce a significant share of their energy needs. To support farmers, high quality, independent advice and information, training, and technical assistance are widely available and accessible. Cooperation and knowledge transfer are facilitated, particularly to scale up innovative and best practices. This is accompanied by flexible and agile policies that recognize and adequately react to the increasing complexity and diversity of European agri-food-value systems. Administrative requirements and reporting obligations are adapted to local specificities and have been reduced to what is necessary, also thanks to the use of (digital) technology that has become more accessible.

3.2 Planetary boundaries and animal welfare

Thanks to significant adjustments and important investments along the value chain, European agriculture and food systems, including production, processing, manufacturing, distribution, and consumption processes, operate within planetary boundaries and contribute to the protection and restoration of ecosystems and natural resources, including water, soil, air, biodiversity, and landscapes.

European farming and food systems are on track to being climate neutral and actively contribute to the mitigation of climate change, while adapting to its variable effects and increasing uncertainty. This is facilitated by research, innovation, new farming and business approaches as well as a diverse and large population of farmers. Resource consumption in the sector and the economy as a whole has been adapted, including through circularity, to not exceed planetary boundaries and respect the limits of local ecosystems. Water consumption in agriculture has fallen substantially and is in line with a fair share of local availability and compatible with full ecological recovery. While the EU is engaged globally, it does not consume more land resources than it possesses, and its policies aim for a responsible and fair land usage footprint in agrifood production. Biodiversity has significantly recovered and is thriving.

Animal farming in the EU meets consumer expectations, as well as climate and environmental objectives. This means that animals are reared according to high animal welfare standards and that the weight of livestock clusters has been reduced. Antibiotic use has been reduced, and meat and dairy consumption, as well as third country exports, ensure sustainability in terms of farmers' livelihoods, health, climate, environment, animal welfare and social justice. As a result,

"made in EU" is recognized as a leading quality standard for safe, nutritious, tasty food, climate friendliness, biodiversity conservation, soil health, animal welfare and fair working environments.

3.3 Agri-food value chains and markets

European agriculture and food systems are based on visibility, predictability, and trust between stakeholders. Strong governance and collaboration in the supply chain support investment in more sustainable production, commerce[03] and consumption. Within this thriving food chain, actors of the middle part, including manufacturers and distributors, are drivers of innovation and competitiveness. They have enhanced their practices and recipes, deliver on their ambitions and act successfully as role models. They have created positive momentum and are empowering consumers to make green and healthy consumption choices and supporting farmers in adapting their practices. They engage in dialogue with the entire eco-system on steering decarbonization efforts and contributing to the EU's net zero targets, while supporting fair and competitive trading relationships.

Legislation on unfair trading practices creates legal certainty. It supports a well-functioning single market, as a basis for competitiveness, resilience, and food security for citizens. Mediation creates trust in the chain and empowers businesses to seek their issues addressed effectively. Agri-food value chain partners are key innovators and drivers of competitiveness. They are key contributors to maintaining lively rural communities and providing jobs. Digitalisation supports greater customer service, engagement, and information, and enables better demand forecasting and sharing of data for sustainability purposes.

Moreover, agri-food markets demonstrate resilience towards supply shocks thanks to a diversification of supply chains, including short supply chains which focus on local, regional, and seasonal products, and trade, which led to a reduction in the sector's dependency on external inputs. Stronger feedback loops both between policymakers and the sector, and between consumer expectations and system performance, as well as closer cooperation between value chain actors, including the processing and trade sectors, have enhanced the system's reactive capacities. Circular economy principles are promoted and have become the norm throughout the food systems, while effective measures redistribute food to those in need. The sustainably sourced bioeconomy has been strengthened and biomass residues and agricultural byproducts are efficiently used to manufacture sustainable alternatives. Consumers and all agri-food actors minimize waste and optimize resource use at every stage of the supply chain. The benefits of territorial anchorage and localized food systems are being supported. Proactive policies to improve dietary health and reduce threats such as antimicrobial resistance (AMR) are in place.

At the global level, the EU is leading the process of mainstreaming the sustainable development goals (SDGs) into the international trade rules governing food and agriculture products. As a result, the international trade system is contributing to ending hunger and malnutrition, ensuring healthier lives, promoting life on land and below water, and ensuring responsible consumption and production and close interlinkages between EU agriculture and high-quality markets are created. EU trade relations and partnerships with third countries are fair, balanced, and sustainable. All free trade

03 Commerce refers to businesses known as distributive trades and including traders, wholesalers and retailers.

agreements are aligned with the development of sustainable food systems and the EU is supporting sustainable and just food systems transformation worldwide.

3.4 Consumers

European agriculture and food systems provide everyone with easy access to safe, nutritious, sustainable, and affordable food of high quality and animal welfare. Consumers are empowered to make informed food choices that translate into concrete purchasing behaviour. Value chain actors, including farmers, are rewarded for their investments in the sustainability transition and consumers acknowledge the value added of sustainable and higher welfare food and are willing to contribute by paying appropriate prices. Overall, food remains affordable for all consumers and citizens with fewer socio-economic means are sufficiently supported to play their role in the sustainability transition. The sustainable choice becomes the choice by default. This is enabled by fair and supportive food environments that include, among other things, meaningful and comprehensive food labelling, education programs, adequate price signals, responsible marketing, as well as sustainable public food procurement and catering based on balanced diets. Consequently, consumers know better where their food comes from, how it was produced including externalities and that farmers have received a decent price for their produce. This helps them value their food and appreciate the diversity and quality of the European agriculture and food systems, its products and the work on farms. As a result, it has become mainstream for consumers to follow a diet in accordance with science-based dietary recommendations that rebalances their protein intake from animal to plant-based sources. Accordingly, the health status of Europeans has improved, which is reflected in declining levels of obesity and overweight, and diet-related public health costs have been significantly reduced.

3.5 Rural areas

The European agriculture and agri-food sector functions as a cultivator of vibrant rural areas. It brings together communities and generates fruitful socio-economic ecosystems in which the mutually beneficial interlinkages between farming, food systems and rural areas are valued and exploited in a competitive framework. A differentiated bottom-up approach to rural policy has created an enabling environment for socio-economic opportunities and a sense of empowered self-responsibility. Rural areas in Europe are therefore attractive spaces where a high level of productivity goes hand in hand with a high level of outcome-oriented environmental and social standards. Infrastructure and essential services, including broadband connectivity, public transport, child and health care, as well as education, culture and public administration, are well developed. Rural areas have become incubators of value creation, not least due to the wide recognition of local and regional culinary specialities. Sustainable farming models have preserved small-scale diversified landscape features with high ecological and touristic value. As a result, rural exodus has been slowed down, also thanks to the active inclusion and empowerment of rural youth.

3.6 Social appreciation and governance

Agriculture stands at the centre of a new social self-perception of European societies that is fit for a sustainable future. Within it, farmers are entrusted with a positive role that is widely recognised by society. Food consumption is better connected to local agri-food production, which multiplies the direct interactions between consumers and farmers. This implies a territorial

diversification of the farming sector that encourages positive regional specialisation but avoids the spatial concentration of unsustainable overexploitation of natural resources. Cooperation and partnership across the food chain, which also includes the key role of agri-cooperatives, is the new underlying form of political engagement among all stakeholders of the food value chain and society at large. Agri-food governance is participatory and interest representation in decision-making processes is balanced. There is consistency and coherence in all policy areas affecting the agri-food sector and rural areas, so that the corresponding administrative burdens can be reduced to what is strictly necessary.

PART B:
Guiding Political Principles

To achieve the vision of the future of agriculture in the European Union outlined in Part A, decisive action at all levels of regional, national, and European politics, as well as at all stages of the agri-food chain, is indispensable. The responsibility for this lies with all these actors and society at large.

Any attempt at bringing about this vision, however, must acknowledge the complexities of transforming agri-food systems in Europe. Notably, the members of the Strategic Dialogue recognize that the transition inevitably implies choices and compromises that reply to multiple trade-offs: They stem from the fact that different objectives pursued in parallel might at times conflict with each other.

These complex trade-offs include, among many others, conflicting claims on land use arising from food and feed production, nature restoration and conservation, energy production, and construction: can we preserve land for agricultural production and reduce existing import dependencies while also giving some land back to nature and increasing our sources of renewable energy? Are we ready to intensify agricultural production in order to leave more space for nature or should we favour extensification as a way to reduce local pressures from pollution and resource use, thereby taking up more land?

Dilemmas also arise between the export orientation of European food production and its self-sufficiency: do we want to be fully autonomous, or do we want to maintain or even increase our level of exports?

Further tension concerns the prices and distribution of the costs: can we achieve a fair remuneration of food value chain actors and recognition of transition costs while, at the same time, ensuring reasonable prices for consumers?

The liberalization of agricultural markets during the last three decades has provided important benefits to some actors in the food chain. However, given the new challenges, the members of the Strategic Dialogue believe that a fair distribution of the transition costs should be at the heart of the transition. The failure to acknowledge and address these trade-offs, of which the above are just a few examples, has been and continues to be a driver of the polarisation that the Dialogue seeks to overcome.

There is no objective, uncontested way to settle these dilemmas. Therefore, trade-offs can only be managed collectively, requiring dialogue and hard, consensual choices on the various alternative pathways. The Dialogue members therefore call for an open discussion of these dilemmatic issues that allows for an honest negotiation of conflicting interests and the mapping out of a shared direction of travel towards a just transition for all.

This process of navigating the inherent trade-offs underlying the transition of European agriculture and food systems requires a stable starting point of shared principles and objectives. The members of the Strategic Dialogue therefore commonly agree on the following set of guidelines that should provide this basis for the sector's transition:

Guideline 1: The time for change is now

1.1 Farmers are among the first to fundamentally feel the effects of the climate and environmental crisis. At the same time, however, unsustainable agricultural structures and practices themselves contribute to these crises. Sustainable agriculture is an extremely important instrument for combating these crises and for remedying the environmental impact that they cause. The pressure to address problems, take action and

reach targets in time in the European agricultural and food systems as a whole is very high. There are economic, environmental, and social reasons for this pressure.

1.2 Hence business as usual, be it economic, social or environmental, is not an option. Bold and swift action at all levels is needed to advance towards more sustainable agri-food systems, address the current multiple crises (climate, biodiversity, nature, pollution, soil, health, geopolitics, energy and inflation) and build a new coherent system that reinforces the competitiveness and profitability of the EU agri-food system, while improving its environmental sustainability. All actors have a role to play in this transition. The total cost of inaction for society as a whole will be higher than the cost of transitioning and it will only increase as the necessary steps are delayed.

1.3 There is a need to agree on a timeframe for political action that is in line with scientific evidence and balances the costs of further delay with the costs of transformation pressure. This should be conceived in a way that expresses a sense of shared and concerted responsibility, practicability and planning reliability for change in all forms of production, processing, manufacturing, distribution, financing and consumption of food and forestry products.

Guideline 2: Cooperation and dialogue across the food value chain are critical

2.1 A sustainable, just and inclusive transition of the European agri-food system is the responsibility of the whole of society. It requires a fair distribution of the costs of transition as well as a holistic systems approach that acknowledges and mobilizes the interlinkages between all actors and elements of the system.

2.2 At the heart of such an approach stands the systematic involvement of and partnership between all relevant stakeholders, institutions, and political levels within a coherent and relevant governance framework.

2.3 This requires a culture of dialogue, equity, inclusion and mutual trust that overcomes polarization and power imbalances and understands the transition of European agri-food systems as a collective and collaborative undertaking that can only be successful if all players act in concert.

2.4 As agriculture and food production in Europe are embedded in international agri-food systems, dialogue and cooperation will also be needed at the global level to achieve a sustainable and profitable transformation.

Guideline 3: Policy measures must be coherent and create powerful enabling environments based on fruitful synergies

3.1 Current agricultural, food and environmental policies are characterized by numerous contradictions, structural tensions, and sometimes conflicting objectives. These contradictions reveal the urgent need for coherent agri-environmental-food policies, despite the challenges that this implies.

3.2 The economic, environmental, and social dimensions of sustainability are of equal importance for European societies in general and the agri-food systems in particular. They must therefore not be politically played off against each other.

3.3 Rather, the entire set of interventions (legislation, requirements, public money, emission allowances, advisory services, training, continuous

education, research funding etc.) must be a conceptually consistent and simpler policy system that as such complies with the guidelines of this report. The conceptual coherence of political interventions ensures planning reliability, thereby being a decisive factor for the participation of farmers in the sustainable transition.

3.4 The political and institutional structures governing the agri-food system must enable this coherence through an integrative and holistic approach and design, breaking away from silo thinking among stakeholders and within institutions.

3.5 The coherent set of policy measures must be flexible enough to accommodate changes in the EU agri-food system, such as an enlargement of the number of member states. Dependencies created by the current agricultural, environmental, food and rural policy of the EU and its Member States need to be overcome to some extent in the interests of circular and sustainable agri-environmental-food systems.

3.6 Productive synergies between measures need to be encouraged so as to build a powerful enabling environment for change. This enabling environment should provide sufficient support, especially financially, to those actors who will need help to transition.

3.7 Established environmental, economic and social regulations applying to agriculture and the food system must be respected throughout the sector and compliance must be assured in a fair but firm way. This includes all international human rights instruments relevant to agriculture and food systems, in particular the right to food, the right to a clean environment, the rights of peasants and the established rights of workers.

3.8 Thorough and robust impact assessments, future compliance and potential impact of policy changes need to be systematically incorporated, taking into account key economic, environmental, and social parameters. This shall ensure a just transition based on a viable timetable and suitable financial incentive systems or support measures.

Guideline 4: Food and agricultural production play a strategic role in the new geopolitical context, as an essential part of European security

4.1 The complex specificities of agriculture and agrifood trade in global trade relations need to be recognized as a central part of Europe's Open Strategic Autonomy.

4.2 The external borders of the agricultural and food markets and the international trading systems must be organised in such a way that agri-food trade benefits both EU producers and third-country partners equally, while addressing competitive disadvantages in a fair and consistent manner.

4.3 A level playing field for high production standards and product qualities in global agri-food trade must be pursued as a central enabling condition for the sustainable transition of the European agri-food sector.

4.4 A well-functioning Single Market with a consistent framework plays a key role in supporting a resilient and competitive agri-food chain. It ensures food security, affordability and choice for citizens.

Guideline 5: The role of young people in agriculture and rural areas and the diversity of European food and farming systems are an important asset

5.1 The diversity of European food and farming systems is an important part of the European way of life and contributes to its resilience.

5.2 These diverse agrifood systems require holistic, integrated and tailored approaches and call for diversified steps and actions. For this there is no one-size-fits-all model. Policy interventions must therefore respect and foster the diversity of natural landscapes, rural areas, agricultural and food production models, breeds and crop varieties, foods, food cultures and dietary styles in the EU.

5.3 Generational renewal is a key prerequisite for the diversity and resilience of Europe's agri-culture and food systems, the dynamism of rural territories, the implementation of sustainability objectives and the capacity to produce food and other commodities while preserving the identity of regions and landscapes. This prerequisite is a multilevel issue that calls for diverse policies and is currently not met in the European Union, undermining all transition efforts.

5.4 Young generations are carrying and will continue to carry the transition in the next decades due to their aspiration to make meaningful contributions and their capacity to make longterm sustainability investments, being more likely to earn a return on these in the middle to longer term. The reduction in the number of young farmers, in the absence of a structured strategy, will lead to a transition weighing only on a few, decreasing the buyin and reinforcing the risk aversion towards this transition, ultimately making agricultural systems less diverse.

5.5 For these generations to set up and maintain viable agricultural activities, the primary condition should be the enabling of fair income in the sector. Access to land, capital, educational opportunities, advisory services, and adequate rural infrastructure and services must be improved. EU, national, regional, and local policies must be implemented to build a consistent and efficient support system for young farmers.

5.6 Overall, the European agri-food system must respect the principle of intergenerational fairness and allow that the voices of young people are heard. Therefore, the inclusion and meaningful participation of rural youth and young farmers in the policymaking and governance of agriculture, food and rural communities in Europe must be ensured.

Guideline 6: Economic, environmental and social sustainability can reinforce each other

6.1 A market-based economy is the basis for shaping the paths to comprehensively sustainable agricultural and food systems that protect and restore natural resources. The Strategic Dialogue is therefore convinced that the preconditions can be produced so that environmental and social sustainability can be aligned with societal expectations and scientific evidence and be in the economic interest of farmers and other actors.

6.2 This is the case if a coherent framework allows for the reduction and internalization of the negative externalities and accounting of positive externalities of the agri-food sector to become a profitable and economically sustainable business model. Certain farming systems and practices show that it is possible to reduce negative externalities and produce positive externalities

while being economically viable and contributing to the revitalisation of rural areas. Organic farming, agroecological practices and others can inform and provide helpful building blocks for the alignment of economic, social, and environmental sustainability in Europe. The further this development path to sustainable agricultural and food systems is pursued, the more it will become a competitive advantage for the EU agri-food-systems. The internalization of externalities must at all times be mindful of the potential effects on consumer prices and food affordability.

6.3 When accompanying the transition, clearly targeted financial tools must not only compensate for income foregone and costs incurred, but also reward ecosystem services. In parallel, farmers will need access to a sufficiently expanded network of independent advisory services.

6.4 Impact measurement and comparability of farm-level data will play an increasingly important role in the transition process. In that context, action will need to be taken to protect farmers' rights and data.

6.5 All actors need to be mindful of the administrative burdens and complexity that agri-food policies can generate and that excessive regulatory and bureaucratic requirements can become an additional cost factor. The design of political measures of transition must bring together pragmatism in bureaucracy and ambition in the reaching of goals.

6.6 Sustainable agricultural and food systems require new complementary ways of financing and risk sharing. Access to finance is a key factor for realizing the potential of these sectors and for the sustainability, profitability and efficiency of the actors operating in them. Cooperation between the public and private sectors is needed, and bank lending must provide better opportunities for more sustainable production methods.

6.7 Efforts to align economic, environmental and social sustainability must also acknowledge non-mercantile values and pay special attention to the needs of small and medium-size peasant farmers, artisan producers, as well as small processors and retailers, in all policies affecting their livelihood.

Guideline 7: Markets should drive sustainability and value creation across the chain and better internalize externalities

7.1 The contribution of agriculture and food systems to the EU's overall economic landscape is crucial and should be supported to ensure its sustainable competitiveness rather than decline. Achieving this requires sustainable value creation across the entire food chain, which necessitates public and private investment as well as well-functioning markets.

7.2 The true costs of food and feed production are hidden but should be better reflected in market prices. While price remains a key factor in consumer decisions, promoting quality and sustainability is equally important. Consumers should be in a position to easily access and choose sustainable food. For this, they need to be able to recognise the true value of food, including its positive and negative externalities. Improving food environments and enhancing consumer awareness and access to information can help stimulate demand for more sustainable options, thereby incentivising farming models with low negative and high positive externalities.

7.3 Power relations in the food chain must be well balanced, in particular by fostering trust, dialogue and more collaboration in the food chain. Beyond balancing the demand and supply for economic

goods, market conditions must allow for decent revenues for farmers and other food chain actors, while keeping food affordable for consumers. Market mechanisms should also aim to recognise and reward farmers and other agri-food actors for their sustainability investments. It is also essential to acknowledge that transitioning to sustainable practices can involve additional costs, which need to be equitably managed across the entire food value chain. A well-functioning Single Market, stronger cooperation, capacity building and policies that enable business operators to reward farmers for additional sustainability investments are important in this context.

7.4 (New) Markets alone will not be able to internalize negative externalities without affecting consumer prices and food affordability. Therefore, society must be prepared to mutualise the cost of the transition through the mobilisation of public resources to pay for the provision of public goods, such as positive environmental, health, and animal welfare externalities. It should, however, be guaranteed that European citizens are not paying twice for the transition, a first time as taxpayers and then again as consumers. It should also be borne in mind that the transition will help alleviate public costs through the reduction of environmental and health-related expenditure on negative externalities.

Guideline 8: The opportunities of technology and innovation should be leveraged to support the transition towards more sustainable agri-food systems

8.1 Innovation —including social innovation such as inclusive governance mechanisms— and technologies can play an important role in facilitating and accelerating the transition to more sustainable agri-food systems and reaching its multiple objectives. They can help support the sector's competitiveness and contribution to food security while bringing sustainability improvements and businesses.

8.2 Innovation needs to be inclusive, accessible to all stakeholders in the agri-food system, scalable and replicable. This can be achieved also through open innovation systems or using an open-source approach. A system-based approach to innovation is needed to encompass the complexity of agriculture and food systems.

8.3 A long-term strategy of agri-food policy in Europe must be supported by an enabling regulatory approach and predictable, science-informed decision-making processes to encourage investment in innovation and to successfully translate and disseminate knowledge into sustainable products, services and practices.

8.4 Relevant knowledge, innovation and technologies need to become accessible and applicable for farmers and the entire agri-food sector much faster than in the past. At the same time, their risks need to be thoroughly assessed prior to their introduction, paying due regard to the precautionary principle and potential effects on social, environmental, and economic sustainability.

8.5 Knowledge and innovation need to be developed with a view to being applicable on the ground, adapting to the local social, environmental and economic context. The development process should always involve end users and take into account their specific needs and context in which they operate. Such participation in the development of new solutions is essential to strengthen alliances and knowledge exchange among many stakeholders and to ensure collaboration. Farmers must therefore also have access to a sufficiently developed network of independent advisory services.

Guideline 9: The shift towards balanced diets that are healthier and more sustainable is essential for a successful transition.

9.1 The demand and supply side of the agri-food system are interdependent, and action is required on both sides to enable a successful transition.

9.2 Improving dietary habits is necessary for consumer's own well-being, for reasons of public health protection as well as for the benefit of the climate, the environment, animal welfare, and overall resilience of the agri-food system. Improved consumption patterns can send strong market signals in favour of sustainable production patterns in agriculture, including better standards of animal welfare which can create additional market opportunities.

9.3 The improvement of dietary habits and food environments can be steered in the right direction and promoted by public policies. Important fields of action are price formation, fiscal incentives, marketing, labelling and other means of consumer information, public procurement, and communal catering as well as awareness campaigns, educational and advisory services.

9.4 Food must remain affordable and accessible to all and potential impacts on food affordability need to be taken into account. To reduce food poverty, the higher average prices of some more nutritious and more sustainable food must be compensated for in the case of low-income groups. This must be considered especially in the domains of fiscal policy (including VAT), social welfare, and social assistance. The sustainable choice needs to be become the choice by default.

9.5 Culinary traditions have an important role to play in this change as they underpin consumption patterns. They reflect territorial identity and heritage, highlight the value of regional products and know-how, and reflect the importance of taste and pleasure in food consumption. In addition, they promote the diversity of European food consumption and positively contribute to the touristic attractiveness of rural areas. Dietary shift needs to be incentivized in ways that creatively play with and adjust these traditions, while respecting and drawing on the wealth of existing culinary heritage. The catering sector should be encouraged and enabled to play a strategic role with regard to its ability to help form good dietary habits in children through its reach into schools across Europe.

Guideline 10: Attractive rural areas are of crucial importance for food security, the future viability of society, and liberal democracy

10.1 Balanced demographic, social, and economic structures are part of the attractiveness of rural areas. The lack of opportunities in rural areas leads to ageing and rural exodus, which jeopardize the generational renewal of agriculture. They must be countered with the means of rural proofing policy understood as a coherent set of political measures to preserve and empower rural communities in their diversity and avoid territorial desertification. The EU Cohesion Policy should play a central role in achieving this goal.

10.2 There is a need to address the growing disconnect between urban areas and rural areas. Attractive jobs in rural areas (in the agrifood-sector and beyond) and efficient infrastructure and public services (public transport, child and health care, education, broadband networks, cultural and leisure services, etc.) are key prerequisites for this.

10.3 The transition pathways must acknowledge the rich diversity of rural areas and be consolidated at local, regional and national levels. European policies should open up opportunities that are deepened at other levels.

10.4 Development paths must be adapted to the structural agricultural and social conditions and can be organized in a cooperative manner. Policies should facilitate and encourage institutionalized regional and local cooperation between communities, agri-food stakeholders including agri-cooperative, environmental organisations and society in general. Strengthening the joint commitment of all parties involved can lead to systemic and more results-oriented outcomes. Organic, agroecological, and regenerative farming initiatives, for example, demonstrate how new and innovative value chains can be created by integrating agriculture and processing and how job opportunities in rural areas can be increased.

10.5 Finding societal consensus on the future of agriculture and food is an important building block in strengthening liberal democracy and halting its corrosion in Europe.

PART C:
Recommendations

C.1.: Working together for a sustainable and competitive future

Achieving environmental objectives, resilience, and competitiveness for agri-food systems in Europe requires new approaches to farm and food policies. At the heart of this must be a new commitment to dialogue, depolarization and cooperation among agri-food stakeholders, civil society, and policymakers (see Guideline 2). It requires more collaborative forms of governance and financing in Europe and enhanced partnerships for a globally embedded agri-food sector. The following recommendations spell out this new way of working together for the future of food and farming in Europe.

The members of the Strategic Dialogue commit to and call for impactful action to boost transition pathways for the agri-food sector which are based on environmentally responsible practices, fair commercial relations, and decent incomes and profitability. This will be fundamental to the sector's sustainable transition (see C.2.), resilience (see C.3.), and attractiveness (see C.4.). Enabling frameworks for investments, regulations, public incentives, as well as value chain cooperation based on mutual trust will be crucial to achieve this.

1.1. A fair and competitive food value chain

A robust, attractive and competitive agri-food system is needed to achieve the EU's sustainability goals and to maintain the objectives of diversity and transition. It also requires fairness among food value chain actors. The objective is for agriculture to derive its main income from the market and for sustainable production methods to be able to compete in the marketplace. The diversity of structures and areas with differing internal and external costs of production in the market economy complicates this, leading to challenges and conflicts of objectives, potentially resulting in trade offs. The Strategic Dialogue calls on Member States and the European Commission to refrain from measures which fragment the Single Market or from excessive interferences in the market which limit competition or their capacity to invest.

1.1.1. Strengthening farmers' position in the food value chain

The future of the agri-food sector depends on actors being able to succeed in changing circumstances. It is vital that European agriculture can continue supplying the quantities and qualities of agricultural goods needed within planetary boundaries. Uncertainties in transition design and volatile income situations reduce the attractiveness of the entire sector. The paradigm of a responsible market economy requires adjustments to the farmers' position in the value chain, the specific market structure and competitiveness of certain value chains, as well as to the unequal conditions of access to capital and land for investments in sustainability.

In view of all this, there is an urgent need to further develop the framework and policies for farmers' market opportunities. This requires a combination of policies and measures tailored to the different types of agriculture and food value chains. Particular attention should be paid to the development of transition pathways towards greater sustainability. The Strategic Dialogue therefore jointly aims to implement the following recommendations:

Farmer's position in the value chain must be strengthened by encouraging them to join cooperatives and/or associations to reduce costs, increase efficiency and improve prices from the market. This can be supported

- by reinforcing and encouraging the organization of sectors in agricultural cooperatives, Producer Organizations (PO), Associations of Producer Organizations (APO) and Sectorial Branch Organizations;

- by promoting the exchange of best practices and peer-to-peer learning, including the simplification of recognition processes of POs and APOs and awareness raising of the benefits of pooling resources;

- by promoting and facilitating the mutualization and the use of agricultural machinery; and

- by supporting capacity building for farmers in the form of access to technology, innovation, skills, data, digital tools, networking, and independent assistance (see C. 5.).

With regard to the above, farmers and their cooperatives and/or associations should receive targeted support from the European Union for specific schemes improving sustainability. The Member States should safeguard good management practices and farmers' rights. They should also increase support for the diversification of sustainable business models, including for example short supply chains.

Support for a better understanding and documentation of the functioning of the market should comprise

- the provision of market data and trends via the European Commission and the Observatory of production costs, prices, margins, and trading practices. The Observatory should describe average production costs per sector and region;

- the establishment of similar fora at national level;

- measures to ensure that farmers can receive decent revenues from the market and do not have to systematically sell their products below production costs; assess the impact of those national regulations of agriculture prices on the position of farmers and other actors in the chain, their competitiveness, as well as on competition along the supply chain and consumers; if results show a positive impact, the European Commission should consider an initiative to use these learnings at EU level.

An effective, balanced and proportionate framework to address unfair trading practices (UTP) is necessary. This includes

- an effective enforcement of UTP legislation while ensuring compatibility of these laws with the Single Market;

- promoting mediation between commercial partners as a way to solve disputes;

- that national enforcement authorities have adequate and proportionate resources to

enforce the legislation and carry out case by case investigation;

- cooperation between national enforcement authorities in cross-border cases, including a common online platform to share investigations and information on cases;
- evaluating and, if necessary, updating the list of “black” and “grey” UTPs;
- ready-made informational material to farmers to improve the awareness of the UTP Directive among the sector;
- the strict confidentiality of complainants when reporting UTPs to a national enforcement authority; and
- consideration of similar protection as in the EU UTP legislation to contract catering services vis-à-vis their customers.

1.1.2. Competitiveness and sustainability of the food value chain

The Strategic Dialogue recommends the European Commission and the Member States to promote cooperation initiatives between farmers and other supply chain actors in line with art. 210 a CMO Regulation to reward farmers for their efforts and investments in sustainability. It should be investigated whether the transition to higher sustainability is not hindered by conflicting competition policy signals. Building on its antitrust guidelines for sustainability agreements in agriculture and with a view to creating legal certainty around the article, this investigation should clarify the application of art. 210a CMO and support actors in the supply chain to engage in a sustainability agreement pilot initiative to test the application of art. 210a CMO. Based on the results of this pilot and of any other experiences with the application of art. 210a CMO, if necessary, the Commission should review these guidelines and provide guidance for sustainability agreements for products not covered by Annex I of the TFEU. An agricultural benchmarking system (see C.1.2.) can be used to better leverage the potential of sustainability certification schemes. EU and national authorities, especially competition authorities, should encourage, provide guidance on, and give visibility to collaborative initiatives that promote sustainability in supply chains to enable the scaling up of initiatives while preserving competition.

Member States should be encouraged to create and scale up living labs in specific markets to learn and improve the implementation between operators and authorities.

A fair and competitive food value chain requires competitive and sustainable business operators beyond agriculture. They need an enabling policy environment and inclusive ecosystem transition pathways that support competitiveness and investments. This should be based on a fully functioning, competitive single market with effective merger control that enables economies of scale, high-quality legislation that is coherent and measures to support digitalization, energy consumption reduction, more efficient logistics, waste reduction, supply chain collaboration, and regulatory simplification.

Based on an analysis from the European Commission, the EU should develop and implement concrete measures, backed by public investment, to improve critical and sustainable infrastructure for the agri-food sector. These measures should include incentives for sustainability investments in, among other things, GHG emission reductions, energy efficiency, greener logistics and delivery, generation and storage of green energy, education, and the

digitalization of food business operators including additional digital labelling (see C.5.).

The European Commission and Member States should ensure free negotiations between parties based on the improved market transparency and respecting that all elements of contracts for the delivery of agricultural products shall be negotiated between the parties. It is of particular importance in this context to strongly encourage supply chain stakeholders to consider relevant data on production costs and prices when negotiating contracts for agricultural products. In contractual negotiations, the inclusion of provisions specifying the extra costs and benefits associated with higher environmental, labour or animal welfare standards should be promoted, as well as the inclusion in contracts of provisions for the opening up of negotiations in case of exceptional cost increase or changes in supply and demand. The use of tripartite contracts or dedicated supply chains, which reward farmers for the additional efforts and investments related to sustainability should be encouraged.

1.2. A new approach to deliver on sustainability

The Strategic Dialogue is convinced of the necessity to significantly improve the delivery of sustainability. To ensure that Europe's sustainability objectives in all three dimensions are reached, more bottom-up processes, enforcement, further harmonization and a stronger efficacy of existing legislation is needed. At the same time, new deployment models should be developed, with closer cooperation between stakeholders and between private and public actors.

Enforcement of existing legislation: The Strategic Dialogue supports and commits to the maintenance and enforcement of existing legislation [01] (e.g. Water Framework, Birds, Habitats, and Nitrates directives) and to finding actionable leverages to improve its implementation. For this reason, farmers should have effective access to a clear overview of all key EU and national environmental, animal welfare, and employment legislation applicable to their farms, which must be translated into clear and actionable on-farm obligations. Dedicated training and advisory services need to be funded and made largely available (see C.5.). At the same time, the Member States should make sure to have well-resourced implementation agencies able to run effective communication and implementation efforts, including sufficient means to investigate and detect non-complying actors, and apply dissuasive and proportionate sanctions. Intentional and serious violations of existing laws must be met with severe consequences. It is essential for authorities to possess the necessary capacity to address and deter these actions effectively.

Deployment of a new sustainability benchmarking system in agriculture and food systems: At farm level, sustainability is currently linked to standards set by various actors, organisations and institutions, both public and private. With additional requirements for the verification of sustainable management in the industrial, commercial, and financial sectors, the complexity at the level of individual agricultural businesses will increase.

The current lack of a standardized and harmonized methodology has led to a multitude of methods for assessing sustainability of farms and

01 The Strategic Dialogue understands the term "existing legislation" to mean an approach that encompasses both international law and conventions as well as the EU level of legislation; in particular, this includes Sustainable Development Goals, Paris Agreement, Kunming Montreal Global Biodiversity Framework, International Labour Standards, Treaties of the European Union, Water Framework, Birds, Habitats and Nitrate Directives, Nature Restoration Regulation, EU climate legislation and others.

the agri-food sector. That causes inconsistencies and variations making it sometimes impossible to follow a clear way of improvement. At the same time, it can inadvertently lead to the incomparability of sustainability initiatives and their reporting, potentially steering farms and agri-food actors towards misguided objectives or, worse, fostering greenwashing practices.

Therefore, the Strategic Dialogue proposes that the European Commission establishes a benchmarking system that will harmonize methodologies of on-farm sustainability assessments. The system should focus first on benchmarking of agriculture and could in further steps be extended to the whole agri-food system. This benchmarking system should be based on common objectives, principles, and criteria, and include monitoring and verification tools with common metrics and indicators (see C.1.5).

The benchmarking system proposed requires a clearly defined baseline that ought to be set at the level of established sustainability standards derived from the applicable legislation. The European Commission should monitor the system and take the appropriate legislative measures to guarantee an appropriate enforcement of the standards.

The benchmarking system for agriculture should measure where each sector and farm stands and thus help to navigate towards the best options, contribute to the development of appropriate labelling and certification systems, and carry out the necessary steps to increase sustainability standards. The system should facilitate comparisons across diverse sustainability objectives and ambitions (e.g., biodiversity conservation and restoration, GHG emissions reduction or sequestration, pollution reduction, increasing animal welfare, improvement of water quality, working conditions) to promote a comprehensive approach to sustainability. It should enable comparability among products within specific sectors and between farming models for effectively assessing sustainability performance and could help public and private institutions in overcoming existing obstacles to finance the transition (see C.1.4).

The system should rely on scientifically sound indicators that factor in all externalities and sustainability dimensions encompassing resilience, sufficiency, and efficiency. Adopting a holistic whole-farm approach and recognizing the specificities of currently legally regulated existing schemes will help minimize unintended consequences of farm optimizations.

The Farm Accountancy Data Network (FADN) should be further developed into the Farm Sustainability Data Network (FSDN) and implement methodologies to collect sustainability data at farm level. The FSDN should be used by the European board on Agri-food (EBAF, C.1.6) to assess sustainability indicators, to test data collection methods for farmers and to monitor sustainability. In the future, a methodology for product-level assessment needs to be developed.

In order to implement this new system, the following elements also need to be taken into consideration:

- ***Dynamics:*** the benchmarking system should serve as a common language for sustainability across the agri-food sector and with civil society and government. It should be designed dynamically by thriving to continuously raise the baseline and be open for revision and adaption. Its assessments will help drawing conclusions on why certain sectors, products and players are struggling to raise this baseline and how these barriers can be overcome, keeping in mind the pace of the transition, given the market situation and government support.

- ***Bottom-up approach:*** The new multistakeholder body, the European board on agri-food (EBAF), which the Strategic Dialogue recommends establishing (see C.1.6.), should play an important role in developing, implementing, overseeing, and refining the benchmarking framework, addressing and resolving inconsistencies and monitoring progress.

- ***Private-public partnership:*** Organisations and institutions that support the implementation of the benchmarking system at farm level must be recognised by the Member State and regularly inspected by independent official authorities.

A tailored approach: The European Commission should design an administrative framework that reduces administrative burden for farms which are actively contributing to reducing negative externalities. Farmers who voluntarily comply with certification schemes recognised by the EU as relevant to reducing negative externalities are deemed compliant with EU legislation. Each certification/standard will have to be duly assessed for its contribution to the objectives and targets of a specific regulation or element within it and only be acknowledged if it adequately complies or goes beyond its goals (e.g. Nitrate Directive, Conditionality).

A system of sound verification of this approach is crucial and should be achieved by working with certification schemes that use authorised and accredited standards (whether public or private) under independent third-party supervision. If a certain accredited certification/standard is recognised to adequately contribute to the objectives of a specific legislation, it proves that farmers holding this certificate are compliant with generic measures and obligations stemming from this legislation. This should bring an advantage and reduce administrative burden for farmers who are already engaged in certified sustainable farming methods and be an incentive for others to transition their farm system as well (e.g. through proven lower Nitrate-Balances as targeted in legislation).

While recognising the potential positive contribution of this tailored approach, the Strategic Dialogue also recognises the need for examination, regular observations and audits of its implementation process and to ensure it is not misused to circumvent environmental obligations.

1.3. Preparing a Common Agricultural Policy fit for purpose

The Common Agricultural Policy (CAP), based on the Treaties of the European Union, has played a crucial role in developing agriculture, rural areas and ensuring food security in the EU over the past decades. However, it is also subject to criticism, in particular payments of the EAGF, on grounds of sustainability, fairness, complexity and lack of clear link between measures and objectives. The income support policy needs to be changed to meet current and future challenges, promote employment and to support the ongoing transition of agri-food systems towards more sustainable, competitive, profitable, and diverse futures. This is also essential in order to make the CAP fit for purpose in the context of the EU's enlargement process.

To drive and strengthen the transition, socio-economic and environmental objectives should be pursued using specific instruments within the CAP. The current structure of rules and administration, by linking socio-economic instruments to the realization of environmental and social requirements, has created complexity (implementation of practices, reporting), lack of adaptability (calendar deadlines, climate events)

and weakened the function of income support for farmers, which is, as a consequence, not fulfilled in an efficient way. The future CAP should focus on these central objectives: (1) providing socio-economic support 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. In addition (4), a complementary and temporary Just Transition Fund should be created to accelerate the sector's sustainability transition.

1.3.1. Socio-economic support to farmers:

Average farm income remains low and highly volatile, especially for certain sectors, territories/regions, and farm types. Today basic income support remains the most funded CAP measure however it is mostly unrelated to socio-economic needs. Therefore, this income support clearly needs to be better targeted at the active farmers who need it most, not only for reasons of sound public budgeting, but also to avoid negative corollaries, such as impacts on land prices and leases that make agricultural production more expensive and hinder generational renewal and reduction of administrative burden.

Under its socio-economic objective, the CAP should deliver income support for certain active farmers, but in a much more targeted way. Dedicated support should prevent farm abandonment and help ensure that farmers can have a decent income, targeting those most in need in particular in areas with natural constraints, small farms, young farmers, mixed farms, and new entrants.

In order to ensure that such more targeted approach takes place, moving away from current non-degressive area-based payments towards an effective income support approach, financial public support has to be based on farmers' economic viability that has to be demonstrated by a standardised methodology. An independent task force composed of social policy, economic and agronomic experts should be mandated by the European Commission to evaluate the most appropriate mechanisms and criteria to better target income payments. This evaluation should include measures such as redistributive mechanisms, capping, degressivity, eligibility criteria as well as new distribution mechanisms inspired by social policies. The result of this evaluation must be ready ahead of the conclusion of the next CAP 2028-2035 reform. The Strategic Dialogue calls on the European legislators to adopt such a reform.

1.3.2. Environmental and animal welfare outcomes:

The realization of environmental obligations needs to be assured through a clear enforcement of existing legislation in the areas of environment, climate action, animal welfare and labor standards for workers (see C.1.2.), complemented by incentivizing ecosystem and animal welfare services under the CAP environmental objectives.

Ecosystem services enhanced by farmers benefit the whole of society but are currently insufficiently rewarded by the market. It is therefore necessary to properly reward and incentivize farmers to establish and to continue providing these services. A system of targeted and result-oriented environmental payments would offer farmers stable and predictable supplementary income, thus helping stabilize incomes, while delivering taxpayers clear value for their money.

These schemes must be designed, managed and controlled jointly by environmental and agricultural authorities. Such environmental payments should go beyond what is required by EU legislation and aim at the highest

environmental, climate and animal welfare ambitions.

The member states should offer a package of voluntary measures approved by the EU Commission.

Rewarding payments should be conditioned on quantifiable outcomes that are measured by robust indicators. The funding level could be determined in conjunction with a dedicated benchmarking system for sustainable practices and outcomes at farm level (see C.1.2.). This framework should determine different levels of ambition for providing ecosystem services, with the respect of existing environmental and climate legislation as a baseline. Farmers who attain higher levels of ecosystem services as defined by the benchmarking framework could also be further rewarded.

1.3.3. Process of transforming the CAP:

The CAP should shift to the new tools just outlined gradually and completely so that farmers, and also Member States, can adapt to a stepwise and planned approach considering the long-term investment cycles in the sector. This presupposes that the direction and timing of transforming the CAP is clear and unambiguous from the outset.

As the transition progresses, the dynamics and financial volumes of the different objectives will need to be adjusted in order to promote the sustainable development of the agri-food sector. In particular, the rewarding of environmental system services needs to be pursued further.

Within the Vision for Agriculture and Food announced by the President [02] a first sketch for a framework with time and procedural steps should be provided.

Budget and Targets must match: When preparing a more targeted CAP in line with these principles, it must be ensured

- that funds are not allocated to practices detrimental to ecosystem services and social and labour standards,
- that the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development are coherently coordinated,
- that European funds and policies outside the CAP (such as the ESF+ and the ERDF) are consistently utilised in such a way that synergies are created between them,
- that parts of the budget are dedicated to independent advisory services.

Budgetary competition increases the pressure on agricultural funding. 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. Such principle is essential for making the transition economically profitable, promoting generational renewal, invigorating rural areas and supporting farms at a competitive disadvantage, yet essential for agricultural diversity in the EU.

Member States should include in the design of their CAP national budget measures on environmental outcome based on the present minimum allocation for eco-schemes and agri-environmental and climate instruments, currently at 32% (in Pillars 1 and 2) with a substantial annual

02 Ursula von der Leyen. Europe's Choice. Political Guidelines for the Next European Commission 2024-2029. Strasbourg 18 July 2024, p. 21.

increase of this share throughout the following two CAP periods to enable more farmers to implement the new above-mentioned schemes to achieve the needed transition. These schemes will cover costs incurred and income foregone and incentives when going beyond basic EU law requirements.

1.4. Financing the transition

Access to finance is a central condition for a successful transition of the European agri-food sector. In particular, there is a pressing demand from agri-food actors to finance transition investments in sustainable farming and business practices, as well as innovative technology projects that should lead to improvements in the sector's environmental and socio-economic performance (e.g. GHG emissions, pollution, water consumption, biodiversity etc.).

To ensure a sufficiently funded transition, both public and private capital needs to be mobilized. This includes returns from the market (see C.1.1.), public financial support (see C.1.3.), private investments, and access to capital.

In the case of banks, to mobilize funding, they need to be sure that projects fit within policy sustainability targets and that the farmer or agri-food operator will be able to continue their activities for the coming years. To this end, clear indicators and pathways must be established and reflected in the prudential framework; at the same time, banks should be able to count on for data protection regulations and the question of consent quality, reliable data, in line with ownership rights, that is sufficient to inform such benchmarks and risks analyses.

The Strategic Dialogue recommends the following for a better access to capital and for financing the transition:

(1) Agri-food Just Transition Fund (AJTF): A temporary fund should be established outside the CAP to support investments during a limited period that is sufficiently long to the transition over several years. The fund should provide one-off investment support (in the form of loans or grants) to farmers and other food system actors for their sustainability transition. This support should go beyond material investments, including also capacity building.

The support should be made available based on long-term transition business plans and adopt a whole-farm approach in the case of farmers. Special consideration should be given to food system actors with limited financial means.

The costs associated with the transition to higher animal welfare should be supported by the AJTF.

(2) Mobilizing capital (public and private): The public and private sectors should cooperate to better mobilize capital for projects that enable both small- and large-scale farmers and food system stakeholders to transition towards sustainable practices and systems. This cooperation should entail:

- Public-private partnerships of private banks with promotional banks;
- Public-private collaboration between the European Commission, the European Investment Bank (EIB) and relevant agri-food chain actors;
- a dedicated pan-EU financing platform, backed by EU and national authorities, banks and insurance companies, which facilitates credit protection, risk-sharing loans and guarantees mechanisms and would alleviate

capital costs for private banks and help decrease risks for farmers and agri-food businesses.

Especially for the financing of large-scale transition projects, which carry high risk, there should be EU and Member State loan facilities.

(3) A fit-for-purpose bank lending framework: The framework applicable to bank lending should provide incentives for investments in sustainable solutions. It should ensure access of all actors in the supply chain to funding opportunities and properly consider the long-term dimension of farming, in particular long-term investments made by actors in the sector.

(3) Addressing barriers to bank lending: The European Commission should assess existing obstacles for bank lending to actors in the agri-food supply chain stemming from EU sustainable finance regulation, and where appropriate, review the legislation to ensure a coherent, simplified framework, while safeguarding its initial ambition. The definitions and concepts under the various texts (e.g., Taxonomy, ESRS) must be as aligned as possible, in line with the ambition of the benchmarking system outlined in C.1.2., to avoid confusion and uncertainty.

(4) Adjusting the prudential framework: There should be reflections concerning workable benchmarks and pathways for transition, which would have to be reflected in banks' prudential framework. In particular

- a set of new incentives should allow banks to reward farmers who progress on the transition based on their performance vis-à-vis a set of indicators, and ease solvency requirements for banks;
- the role of collateral requirements should be assessed; and
- the criteria for infrastructure financing to accommodate transition finance should be assessed.

(5) Coherence across various funding schemes: The eligibility criteria under different grant schemes – at both EU and national level – should be consistent and, as much as possible, aligned with current financing practices (private or public), including EU programmes such as InvestEU or the European Agriculture Fund for Rural Development.

(6) Loan packages with favourable rates: Similarly to 2019, a specific group loans package should be implemented by the European Investment Bank in cooperation with the European Commission, in particular to ensure the most efficient use of grants. It should be dedicated to sustainable agriculture and higher animal welfare practices and results (including voluntary practices that go beyond what is set in EU legislation), with a special focus on small-scale and young farmers.

A minimum percentage should be reserved for frontrunners facing financing challenges such as young and new farmers and those in lowest income Member States. Clear safeguards must be created to guarantee the targeting of sustainable investment and the delivery of environmental improvements. The following conditions may apply: preferential interest rates, repayment flexibility with the possibility to use grace periods in times of exceptional circumstances, eligibility of land purchase by young and new farmers with clear safeguards, and mitigation tools to manage related risks.

In the light of the above, the Strategic Dialogue expressly welcomes the decision of the EIB Group to identify Agriculture and Bioeconomy as one of its key priorities under its 2024-2027 Strategic Roadmap. It also welcomes the aim to step up its support for the agri-food value chain as well as the products and activities foreseen as a way forward (see Annex 5).

1.5. Promoting the global transition

Trade – carried out in a sustainable manner – can be a crucial component of both European and global food systems, operating within a highly interconnected, interdependent, and complex international setting. The European Union should take leadership in working towards a global trade policy framework for sustainable agri-food systems that would include common objectives and trade principles to guide outputs, and a level playing field with clear and simple standards and metrics based on science to measure progress (see Guideline 4).

However, it is worth noting that this debate within the Strategic Dialogue and beyond is shaped by manifold, partially controversial perspectives, which must be addressed by its complexity and dilemmas. At the core of all this debate is the wish for greater transparency, capacity, comparability, and coherence, build on a fact base discourse and the wish to strike a balance between the need for higher sustainability standards and their global recognition, while maintaining Europe as an export leader and attractive place for our suppliers to export to. The impact on local production structures, especially small producers, the environment and health are also part of it and must be considered within and beyond the EU when reducing negative and increasing positive impacts.

1.5.1. Coherence between trade policy and sustainability requirements

The Strategic Dialogue recommends the European Commission should ensure greater coherence between its trade and sustainability policy. This will require the EU to rethink how it approaches market access for exports and imports in its trade policies, considering all positive and negative externalities that agri-food trade may have on environmental sustainability, competitiveness of EU producers, animal welfare, and labour standards, as well as on price and choice for the consumer. The overall ambition should be to create a stronger alignment of imports with EU food and farming standards, taking into account as far as possible socio-cultural, economic, geographic, climatic and regulatory contexts of trading partners as well as the expectations of EU consumers with regard to standards.

The Commission should prioritize dialogue and cooperation to drive progress and prevent trade tensions, complementary to its trade agreements and autonomous measures. This means the adoption:

- of a balanced trade policy where trade openness is matched by fair terms of competition while promoting high standards on a global stage. This can be achieved by ensuring greater coherence between trade and sustainability policies and by comparing the performance of EU and competitor farming sectors using scientific benchmarks set in chapter C.1.2 to establish a level playing field.

- of EU domestic and trade policies that are coherent with domestic production policies: The Commission should be mandated to adopt a comprehensive strategy for agri-

food trade, covering both export and import policies, especially regarding sustainability regulations and global competitiveness. It is crucial for the different services of the Commission to be involved in all stages of policy development to ensure coherent trade negotiations and assess the impact of regulatory changes on EU competitiveness and feasibility for operators inside and outside the EU.

- of trade/sustainability challenges to be consistently integrated into policy development: With the support of the different services of the Commission this new approach should further explore the complex relationships among the factors affecting sustainable agri-food trade globally, including positive/negative externalities as well as trade-offs related to emissions, water impact, biodiversity, etc.

- of import requirements in EU law in ways that are consistent with the rules of the World Trade Organisation (WTO): to benefit EU farmers, workers, businesses, citizens, sustainability, and animal welfare, to preserve EU safe and high-quality production standards for all agricultural products. This could be done by assessing existing concepts already recognized in WTO agreements (such as equivalence or reciprocity models) or develop new approaches which ensure fairness for EU farmers as well as trading partners.

Trade considerations should not act as an impediment to the EU's ability to adopt (1) measures designed to support the long-term sustainability of EU agriculture such as rebuilding soil health and farmland biodiversity and (2) animal welfare measures recommended by the scientific opinions produced by the European Food Safety Authority.

Transparent and supportive implementation: To warrant proper and effective implementation of policies and regulations, the Commission should ensure that the implementation process is transparent, inclusive, does not impose any unnecessary burden on operators, and considers the complexity and diversity of supply chains, not least the socio-economic reality in and outside the EU.

At the same time, it will be important to provide the necessary framework for effective compliance with policies which are just coming into force with the mandate of the new European Commission, and which are built to increase responsible supply chains and business conduct such as Carbon Border Adjustment Mechanism (CBAM), Deforestation, Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), and the ban of forced labor.

Assist non-EU operators: The application of current and incoming standards and regulations on imports must be complemented by robust policies and support measures (technical assistance and capacity-building programs) to assist economic operators outside the EU in adapting their practices to meet EU standards.

Diversified market access and alternative agreements: The Commission should continue to seek diversified market access opportunities and unlock technical market access challenges with third country partners, to ensure supply chain resilience. This will require solving a set of sustainability challenges associated with import and export of agri-food, impacting food security and having impact on biodiversity and social sustainability.

Therefore, the Commission should explore different types of agreements with third countries beyond the current model,1which might be better suited for the specific challenges of the agri-food sector and provided they include robust safeguard mechanism and are based on solid scientific basis.

1.5.2. EU's trade agreement approach

The Strategic Dialogue recommends the European Commission to review its current approach to conduct negotiations on agriculture and agri-food with the following elements to be considered:

- The Commission must better recognize the strategic relevance of agriculture and food products in trade negotiations (see Guideline 4).

- The Commission should undertake a comprehensive review of its negotiation strategies and economic models for upcoming agreements and of agreements currently under negotiation, to help rectify shortcomings and reflect advancements in social, economic and environmental objectives, including obligations stemming from the Paris agreement and the Kunming Montreal global biodiversity Framework, but should also consider elements of supply chain resilience and food security. This includes an EU leadership by ending practice of unethical double standards. For example, Member States should stop exports of within the EU banned hazardous pesticides to countries with less stringent regulations.

- The Commission should review its method of conducting impact assessments prior to trade negotiations. Impact assessments must include concrete and scientific comparison and mapping of production methods and standards as well as conclusions on their impact for agricultural producers, the environment, health, labour, animal welfare, the supply chain business and consumers in both EU and partner countries. Impact assessments should further explain the specific or regional agricultural production circumstances in partner countries and within their own agri-food chain. They could assess, based on scientific criteria, whether there is robust evidence that partners might be able to comply with the highest EU health and environmental standards in agricultural production with differing production methods on a case-by-case scenario. Impact assessments should further suggest market opportunities for agri-food exporters and concrete adaptation and mitigation measures to prevent and counter any potential negative economic, environmental, social, or animal-welfare related effects.

- In this context the Commission should reassess the approach taken to the relevant chapters for agriculture and agri-food in Free Trade Agreements (FTA). Special emphasis should be given to the need that Market Access Sections adequately address current challenges stemming from diverging standards. The impact of Trade and Sustainable Development Chapters must also be strengthened (see Guideline 7), and Sustainable Food Systems Chapters should incorporate robust enforcement mechanisms and a system of checks and balances.

1.5.3. The global trade policy framework

The Strategic Dialog recommends that the European Commission should demonstrate more leadership and assertiveness in the reform of the global trade policy framework at the World Trade Organization. This reform is essential to EU

agriculture as the WTO rule book created in the 1990s appears outdated today. In this context, the Commission should especially focus on building consensus with EU's trading partners in international fora relevant for agricultural trade such as Codex, IPPC, OIE, ILO, FAO, OECD, UNCTAD etc.

In doing so, particular attention should be paid to a fair dispute settlement system, an upgrading of production standards in GATT, more robust enforcement of intellectual property rights protection, and above all a comprehensive analysis of the reasons for the current stagnation of multilateral reform as well as new efforts to overcome it and to achieve a more coherent global standard setting at the interface of trade and environmental issues. The EU should also show leadership and positive action in the ongoing negotiation of a treaty at the Human rights council on Business and Human rights[03] and further enhance their capacity building, awareness raising efforts, and support the implementation of the FAO-OECD guidance for responsible agricultural supply chains.

In all the above initiatives the European Commission must demonstrate more assertiveness in promoting high social, animal welfare and environmental standards, while ensuring transparency and democratic principles in this endeavour, fostering international regulatory cooperation and minimising fragmentation.

1.6. Policy framework and governance

The significant challenges that European agri-food systems are facing require a well-adapted policy and governance framework that is fit for steering the sector's transition. Such a framework must be based on a newfound culture of cooperation and trust and multistakeholder participation. It must ensure practicability, and consistency between food, environmental, climate, animal welfare, citizens' wellbeing and health (including producers'), agricultural, financial, trade, employment and other policies that create direct or indirect effects on the food systems.

- With a view to the successful implementation of its recommendations, in particular the sustainability benchmarking system (see C.1.2), the Strategic Dialogue calls on the European Commission to establish a governance and policy framework which would include the following elements: establishing the common objectives and principles underpinning the benchmarking system and defining its reference points and baselines;

- establishing a European board on agri-food (EBAF) (see C.1.6.1.);

- requiring the Commission to present, every three years and based on the benchmarking system, a 'State of Agri-Food' report taking stock of the progress achieved towards all three dimensions of the sustainability of EU agri-food systems and identifying data gaps. This report could be presented to the public during the dialogues convened every three years by the Commission, in close cooperation with EBAF (see 1.6.1.)

1.6.1. A European board on agri-food (EBAF)

The European Commission should initiate the establishment of an advisory board, hereafter called the European board on agri-food (EBAF), following the proposals set out below.

03. Office of the High Commissioner for Human Rights (OHCHR) (n.d.). BHR Treaty Process. Retrieved 29 August 2024 from https://www.ohchr.org/en/business-and-human-rights/bhr-treaty-process

The EBAF is the forum where the overall development of agriculture and food is discussed on a regular basis, and where the EU institutions, together with agri-food value chain stakeholders, civil society organisations and scientists jointly discuss strategies necessary to make agri-food systems more sustainable and resilient in Europe.

Participants: EBAF is composed of high-level representatives appointed by the European Commission. In order to adequately address the very complex issues of agriculture and food systems and provide politically influential advice, the relevant perspectives and interests must be represented in the EBAF membership in a balanced and inclusive manner. This implies that farmers in their diversity as well as the upstream and downstream sectors of the food chain (agribusiness, manufacturers and processors, wholesalers and retailers, traders, financial institutions), science and civil society (consumer, environmental, health, and animal welfare organisations and social partners) should be fairly represented in the EBAF. To be able to follow up to the suggestions of the Strategic Dialogue's recommendations, the increasing knowledge on agriculture and food systems needs to be well integrated in the governance and policy design. Observers from the different European institutions, bodies and agencies can be invited to attend the meetings.

Task: The overall task of EBAF is to advise the European Commission across all services in charge of agriculture and food systems, on the key principles of sustainability policies. EBAF would in particular be responsible for advising the European Commission

- on the development and implementation of strategies, including their potential adjustments, related to sustainable agri-food systems in the EU and on both supply and demand-side policies and enabling conditions needed for a fair and just transition;

- planned EU policy initiatives with relevance to food systems at an early stage of the decision-making process, and discussing the outcomes of socio-economic impact assessment of legislative and non-legislative measures with expected implications for food systems;

- matters relevant to the well-functioning of the Single Market and the agri-food value chain.

A no less important task of EBAF is monitoring and advising on the consistency between public regulation and private food value chain initiatives and requirements and on the potential need to review public policy as well as value chain initiatives to address inconsistencies both within and between EU standards and market developments. It should also advise on adjusting the benchmarking framework stemming from recommendation of the Strategic Dialogue (see C.1.2.), in which the sector's sustainability movement is also monitored, while maintaining stringency and quality, to accelerate their development, avoid duplication, and reduce costs for private actors. Moreover, the EBAF could be used as a platform to exchange experiences and best practice on the implementation of the mechanisms needed for the transition to sustainable food systems across sectors and at local, regional, national and EU level.

The EBAF organizes a high-level EU Agri-food Systems Conference to gain input on the relevance, impact, and effectiveness of its work and reflections from a broader audience on the state and future of agri-food policy in order to steer future directions in all areas of its work. The Commission organises, in close cooperation with EBAF, citizen dialogues on agriculture and food systems to provide policy makers with bottom-

up feedback on needs and expectations on the ground.

Resources: Besides providing high-level political support to the EBAF, the European Commission should secure adequate financial and organisational support to ensure meaningful engagement of its members.

Link with Civil Dialogue Groups: In their current design, Civil Dialogue Groups (CDGs) are not promoting meaningful dialogue. Reforming the system would require thinking out of the box and proposing a different work methodology, more inspired by workshop configurations. Notably, to avoid draining too many resources from participating stakeholders, management rules should be simplified and the division of tasks between different CDGs made clearer. This would avoid being left with a series of statements based on individual positions and increase the quality of feedback provided to the European Commission. The latter must draw conclusions, demonstrate how the feedback of stakeholders is taken into account in its action and ensure that young people are listened to in the process.

As a first step to improve the quality of working of the CDGs and to avoid the duplication of functionally similar advisory mechanisms, the Strategic Dialogue proposes to closely link the CDGs with the work of the EBAF. In that sense, CDGs, particularly sectoral ones, will have a consultative role for the EBAF that will be able to delegate more technical discussions to the Dialogue Groups.

1.6.2. Policymaking and simplification

Beyond the EBAF, the governance of the agri-food and rural policies at EU level should in all cases pay special attention to the need to limit unnecessary administrative burdens, conduct thorough impact assessments and ensure, as much as possible, inclusive policy and decision-making processes.

Inclusive policy and decision-making: Decision-making processes must be inclusive in the representation of sectors concerned: all actors of the value chain, but also civil society organisations, including representatives of marginalized populations and rural areas (in particular through Local Action Groups), need to be consulted and appropriately associated. Special attention should be given to the inclusion of young people, in particular rural youth and young farmers.

Simplification and administrative burden: In order to enhance the competitiveness and sustainability of the European agri-food sector, it is essential to alleviate excessive administrative, reporting, and regulatory burdens on farmers and other agri-food actors. The planned process of the European Commission to reduce administrative burdens should also include regulations in the agri-food sector. The focus should be on significant simplification and ease of use, while maintaining the same standards of environmental and consumer protection and animal welfare. The specific nature of the often very small-scale companies operating in this sector should also be taken into account. The agri-food sector should also be included in the competitiveness check.

The Strategic Dialogue recommends that the European Commission and Member States conduct a comprehensive analysis of all administrative, regulatory and reporting requirements faced by the agri-food sector and identify opportunities for simplification and the reduction of compliance costs;

- on this basis improve the proportionality of regulatory measures in agriculture and food policy and reduce and harmonise, as much as possible, reporting requirements (in line

with the benchmarking system (see C.1.2.) to ensure a uniform application of the standards and rules across all Member States;

- streamline reporting templates to minimize complexity (e.g., by consolidating multiple reporting requirements into a single, comprehensive report);

- set-up a unified digital portal for all EU and national regulatory and reporting requirements, ensuring a one-stop-shop for farmers and agri-food actors and further promote the widespread adoption of digital tools and platforms to simplify administrative tasks, including in the international trade context;

C.2. Advancing towards sustainable food systems

The transition towards sustainable food systems requires bold and swift action at all levels (Guideline 1). At the same time, this action needs to be put in place in a consistent way, building a coherent system that reinforces the competitiveness and profitability of the EU agri-food system, while improving its environmental sustainability. It must be implemented through the whole system and cover the full spectrum of types and actors that shape the diversity of European agriculture and food. Sustainable farming practices need to be enhanced at farm level (addressing the most pressing needs) and new pathways need to be created especially for animal farming.

In the following recommendations, the Strategic Dialogue details the specific pathways for the different parts and actors of the food system to advance on this process, coping with the interdependence of demand and supply side.

2.1. Making the healthy and sustainable choice the easy one

Consumers in their purchasing decisions can play a decisive role in supporting the transition towards a sustainable agri-food system that fits within planetary boundaries.

Healthy and sustainable food consumption patterns are essential. Concerns around the impact of consumption on health, the environment, and animal welfare are rapidly growing. Responsible consumption of animal-sourced products can be an important component of balanced diets, while it is also important to recognise the growing role of plant-based options for consumers. Average European protein intakes, in particular from animal sources, exceed dietary recommendations issued by European public and scientific bodies.

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.

As this transition will impact the income and economic viability of livestock farmers and producers, it is important to use the AJTF to support those affected. While also reinforcing the positive externalities that the sector already provides, this support should facilitate a smooth adaptation process, helping farmers, producers, and workers.

The Strategic Dialogue addresses its respective recommendations to policy makers, supply chain stakeholders and NGOs, to support consumers make healthier and more sustainable choice which reflect Guideline 9. Here and in the following, the concept of sustainability refers to both the production processes and the products of the agri-food systems.

Until now, when it comes to supporting consumers in making healthy and sustainable food choices, the main policy focus at EU level

has been to provide consumers with more information. Yet, on top of the role played by the price of food, scientific evidence shows that food-related behaviours are often dominated by habits, routines and emotional processes, and that food environments strongly shape consumers choices, concerns and priorities. Policy interventions, therefore, should address not only consumers but also food providers, producers, manufacturers, and retailers. In order to contribute to keeping farming within planetary boundaries, food consumption patterns need to change.

2.1.1. Empowering consumers

To this end, the Commission and Member States should adopt demand-side policies, which address the whole food system, to create enabling food environments where balanced [04], sustainable healthy diets are available, accessible, affordable, and attractive.

Sustainable healthy diets: Working together with consumer representatives, NGOs, health services and education providers, Member States and local authorities should encourage sustainable, balanced, and healthy diets through initiatives that further develop consumers' interest in sustainable food, in the impact of their behaviour on the planet, and in healthier diets. This could be done namely through the provision of free school meals in primary schools, alongside education programmes (starting at kindergartens and schools) to enhance food systems and nutrition education and food literacy.

In this latter respect, the EU Commission should investigate whether the EU school scheme [05], which supports the distribution of fruit,vegetables, milk and certain milk products to schoolchildren, from nursery to secondary school, could be upgraded to play a bigger role to enhance the transition, as of childhood, towards healthier and less resource-intensive diets.

Given the significant scientific advancements on nutrition in the past few years, the EU and Member States should adopt, or when already existing, update their food-based dietary guidelines (FBDGs) with a view to integrating sustainability and develop strategies to foster consumer uptake of diets in line with FBDGs [06]. In this context, high EU food safety standards should be maintained and the fight against food fraud, which may adversely affect consumers, should be strengthened.

In order to encourage consumers towards healthier and more sustainable diets, other actions can be foreseen, with the involvement of public and private actors, such as the launch of a European wide campaign to raise awareness about the importance of healthier and sustainable choices.

The EU and Member States should ensure coherence between its agri-food promotion policy and other policy objectives such as healthy eating guidelines and sustainability objectives.

The European Commission should develop, by 2026, an EU Action Plan for Plant-based Foods to strengthen the plant-based agri-food chains from farmers all the way to consumers.

EU and national authorities, as well as all stakeholders in the food environment should

04 Science Advice for Policy by European Academies (SAPEA) (2023). Towards sustainable food consumption. Berlin: SAPEA (pp. 63-64).

05 European Commission (n.d.). School scheme explained. Retrieved 29 August 2024 from https://agriculture.ec.europa.eu/common-agricultural-policy/market-measures/school-fruit-vegetables-and-milk-scheme/school-scheme-explained_en

06 Namely diets which are rich in a diversity of seasonal fruit and vegetables, wholegrain, pulses and nuts, and have adequate amounts of fat (especially saturated fat), sugars, salt and high animal welfare products.

implement policies and collaborative initiatives to support the use of the diversity of varieties, breeds, food processing techniques and food cultures, so as to support the availability of diversified, balanced and culturally appropriate diets.

Food labelling: The European Commission should conduct a full review and, where necessary, update EU food labelling legislation to ensure consumers are provided with trustworthy, comprehensive, EU-wide, science-based, comparable and transparent food labelling that is easily accessible, understandable, and usable and allows for informed choices about key sustainability dimensions of food, including animal welfare, while considering the feasibility for operators. The use of digital means could support the provision of voluntary information to consumers.

Marketing to children: By 2026 the European Commission should publish a report evaluating the effectiveness of current national measures and industry voluntary commitments relating to the marketing to children of food high in fat, sugars and salt, offline and online, and where appropriate, accompany this report with a legislative proposal.

Food reformulation: Food producers and stakeholders should continue and, where relevant, step up their efforts and be better incentivized to implement policies and collaborative initiatives where feasible, to improve the nutritional composition and environmental impact of food, e.g. through product reformulation and new product development.

Affordability of sustainable food: The European Commission and Member States should provide fiscal tools that seek to foster coherent price signals, in form of tax reduction, for consumers, such as VAT reductions on more sustainable products and maintain a competitive framework and well-functioning Single Market as well as innovation to facilitate economies of scale and ensure consumers have access to choice and innovation at the best possible prices.

Member States should, where relevant, propose measures to safeguard food affordability for lower income consumer segments through social and fiscal policies. Those policies could include financial support targeted specifically at lower income households. Beyond that they should remove VAT on food donations to encourage donations to food banks and other social organisations, distributing food for free to their beneficiaries.

Participatory Guarantee Systems (PGS) should be promoted to provide secured incomes for farmers and fair prices for consumers through territorial approaches.

2.1.2. Public procurement

In order to effectively leverage public procurement to contribute strategically to a more sustainable food system, the European Commission should propose a revision of Directive 2014/24/EU on Public Procurement, to remove the possibility for Member States to use the lowest price criterion alone as the determining criterion for the award of tenders in essential services and labour-intensive industries, including contract catering. The revised EU Public Procurement should enshrine a “best value” approach instead, which rewards quality, including the sustainability of the food to be provided as part of the service.

In order to stimulate the market for sustainable healthy diets, the revision of Directive 2014/24/EU should include a framework for Member State

targets to progressively increase the procurement of sustainable food, based on common standards that cover the environmental, social, animal welfare, nutrition and economic aspects of the food system, including minimum standards for organic products, products originating from sustainable small-scale farms and food artisans, and for fair trade products where appropriate. Special attention should be granted to fostering diverse, culturally appropriate and balanced diets, and to supporting rural communities as well as to ensuring full compliance with decent working conditions.

These targets should be accompanied with adequate financial and technical support for public buyers, including regarding the training of staff handling and preparing food in public settings, as well as guidance and training for public tender adjudicators to ensure that they understand and are able to implement the "best value" or "economically most advantageous offer" approach in public procurement of food and food services, as opposed to lowest-price only adjudications.

2.2. Enhancing sustainable farming practices

The farming community is among the first to fundamentally feel the effects of the climate and environmental crisis. At the same time, however, unsustainable agricultural structures and practices themselves contribute to these crises (Guideline 1). 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. Organic farming and agroecological solutions show how it is possible to reduce negative externalities and produce positive externalities while being economically viable (Guideline 6). In many cases, adaptation requires changes in the farming system, so that nature and agricultural practices can be reconciled for a medium- to long-term sustainable use of nature capital. Sustainable farming practices and new business models need to be scaled up to promote a more efficient use of natural resources, especially water, less reliance on agricultural inputs, the protection of soils, the restoration of nature, and the diversification of crops and animal breeds. In extreme cases, farming might become impossible without adaptation. Farmers therefore need to be systematically supported in the implementation of adaptation measures.

Nature restoration is a tool in climate adaptation and mitigation as it improves ecosystem resilience and helps counter floods, droughts, heat waves and fires. 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.

Resilient infrastructure on the farm and landscape level is another game-changing strategy. Farm design must evolve to incorporate natural features like wetlands and windbreaks to protect against erosion and create microclimates that foster healthy crops and livestock. Farmers need support for climate-resilient buildings, storage facilities, and precision agricultural technologies.

2.2.1. Reducing GHG emissions in agriculture and food systems

The European Climate Law sets ambitious targets for the EU, committing to climate neutrality by 2050 and reducing greenhouse gas (GHG) emissions by at least 55% by 2030. With agriculture accounting for approximately 11% of the EU's total GHG emissions, it plays a crucial

role in achieving these goals. The members of the Strategic Dialogue agree on the need to reduce GHG emissions in the sector. However, the diversity and complexity of agricultural systems across the continent present significant challenges which call for tailored solutions.

The members of the Strategic Dialogue recommend that the European Commission and the Members States work on a coherent mix of policies combining incentives and regulatory measures based on the following approach:

- the establishment of a comprehensive methodology to set GHG emissions accounting system and specified goals for the different types of agriculture and its structural conditions;

- a general pathway to boost the implementation of management measures and promote access to investment across agriculture and territories in order to advance towards the defined emissions reduction goals. More ambitious actions would be defined for the most problematic territories with the implementation of territorial strategies supported by the Agri-food Just Transition Fund (see C.1.4.).

A comprehensive methodology for accounting and setting sectorial goals: The European Commission should engage in close consultation with stakeholders (see C.1.6. [EBAF]) to set science-based, aspirational emissions reduction goals tailored to the different types of agriculture including livestock, ensuring that these goals are ambitious, aligning with the broader EU climate objectives while considering the unique characteristics and capabilities of different agricultural systems.

By setting clear, specified goals, the European Commission should provide a roadmap for reducing emissions that rewards sustainable practices, encourages innovation and supports the transition to a low-emission agricultural sector.

A consistent methodology should be developed to evaluate the climate impact of agricultural products and systems, which goes beyond the scope of existing product carbon footprint or product environmental footprint methodologies. While these methodologies focus on GHG emissions per product unit, a broader approach is necessary to capture the full ecological impact of agricultural systems. A new methodology should serve as a comprehensive environmental indicator by encompassing the real effects on the overall farm system, including the circularity of GHG in agriculture, and account for all externalities related to climate change and ecosystem services like biodiversity, pesticide use, and soil health to.

The same should be done for calculating carbon sequestration, an area where important advances have already taken place. Building on the on-going works at EU level, a clear methodology should be developed, considering that a broader approach is needed to capture the full ecological impact of agricultural systems. Carbon sequestration certification could be a market-based opportunity for rewarding sustainable practices in agriculture, but the uncertainties associated with this sequestration should not be the sole responsibility of the farmer.

Emissions reduction across the sector: In order to advance towards the goals defined and make progress in the emissions reduction at farm level, the European Commission should support the farmers in getting better access to practices and technologies to reduce emissions. This includes

- the promotion of integrated resource management practices, including water

and nutrients, also through cross-sector collaboration between agriculture, forestry and energy sectors;

- the integration of farmers in circular economy strategies, such as waste-to-energy systems and recycling of agricultural by-products in line with the bioeconomy;

- support in the form of grants covering costs for installing new renewable energy systems on farms, reducing emissions and enhancing energy independence;

- grants and financial instruments for precision farming tools, such as drones and GPS equipment, to optimize application of and reduce reliance on synthetic input;

- investment in methane-reducing technologies, including to research and develop such technologies in livestock farming such as feed additives and advanced manure management systems;

- carbon literacy programmes, as part of the deployment of the Carbon Removals Certification (CRC), providing training and advise to farmers on sustainable practices and carbon footprint reduction and storage;

- improving access to digital tools to optimise emissions management at farm level (see C.5.4)

The European Commission should develop concrete timelines, investment volumes and targets for these support measures.

Territorial approach: Given that technological approaches will not be enough to achieve the climate goals, the European Commission should, in cooperation with Member States (see C.1), identify agricultural areas where more tools and support are needed to ensure a just transition. This process would affect, in particular, the territories where management measures and investments are not sufficient to reach the goals established. They would also include the areas of high concentration of livestock with environmental impacts mentioned in section 2.3.1.

On that basis, territorial action plans should be established in collaboration with local authorities, agricultural experts, farmers and other interested parties. These plans will identify key tailor-made tools and outline timelines for implementation so as to not cause inconsistencies with national reduction systems, such as the phosphate systems.

Also, farmers, regional authorities and civil society should take the opportunity to decide together to design a territorial approach to develop roadmaps for emission reduction and other ambition levels in their concrete region (see also C.4.4.). Such a bottom-up approach could be eligible for dedicated support.

This territorial approach should not only be based on GHG emissions, but also take into account other environmental ambitions that are not being met. In these territories, the following measures would be implemented, supported by the Agri-food Just Transition Fund (AJTF) (see C.1.4.): the AJTF will be mobilized to give farmers the option to transition, if necessary to meet the challenges in the territory, in case they have not been able to do so due to a lack of socio-economic capacity or other reasons. Based on voluntary buy-in and a business plan, the AJTF will offer financial assistance for farm transformation, access to new equipment, support for new businesses in rural areas, voluntary buy-out schemes, and up- and reskilling programmes to transition to alternative production systems. Young farmers

should be prioritised in this context. The EBAF, in cooperation with similar regional governance bodies will monitor the implementation of buy-out schemes to ensure that the regional agricultural infrastructure will remain intact.

Specific actions will be needed for peatland areas: While recognising that all peatlands are different, they emit CO2, which can be curbed through effective water management practices in specific regions. Increasing water levels in peatlands should be incentivised.

Actors in the value chain: All actors in the food value chain should contribute to the effort of emissions reduction. This can be done, for example,

- by upgrading processing facilities with low-emission technologies; enhancing supply chain logistics to minimise transportation-distances and emissions;
- reducing food loss and waste in their operations;
- establishing partnerships to fund large-scale reforestation and wetland restoration projects, guaranteeing that sufficient financial support is available.

Value chain actors should develop concrete timelines and targets for these support measures.

Emission trading system: As stated above, there is a clear need to reduce GHG emissions in the sector. The Strategic Dialogue has followed the European Commission's work on exploring the potential of different models of Emission Trading Systems for agriculture (AgETS). While the Dialogue believes that having a strong policy in place is needed, it considers that it is premature to draw any definitive conclusions on it and calls on the European Commission to further work with stakeholders and experts to assess the feasibility and relevance of such a system.

The Dialogue has discussed the design and implementation of such a system and in particular the following fundamental concerns and aspects:

- Any future carbon pricing system should take into account the sector's unique characteristics, such as variability in farm sizes, practices, regional climates, and livestock systems.
- Compliance, administrative and monitoring costs should not place an undue burden on farmers that outweighs the benefits without addressing non-GHG emissions.
- Technical analysis should be conducted on the effectiveness of an AgETS to reduce emissions, in particular taking into account price elasticity and any impact on trade.
- The design should not incentivize polluters to buy offsets instead of reducing their emissions.
- The scheme should take into account the importance of sharing the cost across the value chain rather than borne solely by farmers or consumers.
- Specific attention and support must be granted to the distributional impact of the roll out of an ETS, especially on less affluent households, as any increase in food prices will impact more intensively their budget than other household segments.
- It should be ensured that there are no inconsistencies between EU and national systems.

- The revenues generated by a potential AgETS should solely be earmarked to support less affluent households, investments in the transition of agri-food sector actors, and the nature-based restoration of carbon sinks.

While being an important process, emission pricing cannot work in isolation and needs to be part of a broader and coherent mix of policies combining incentives and regulatory measures that accompany the transformation of the agri-food sector. This includes the benchmarking system and recommendations on reducing GHG emissions proposed by the Strategic Dialogue.

2.2.2. Soil management, biodiversity, fertilisation and circularity

Soil health and land management are the first levels of action for sustaining agriculture. Reducing the impact of chemical input (fertilizers and pesticides), improving biodiversity and supporting sustainable land management practices are the principles.

Biodiversity and agrobiodiversity: Farmers play a vital role in preserving and restoring biodiversity. They use biodiversity for their economic activity. They are among the first to feel the consequences when biodiversity is lost but also among the first to reap the benefits when it is restored. Agrobiodiversity, or the genetic resources for food and agriculture, is a vital sub-set of biodiversity. It includes harvested crop varieties and livestock breeds; non-harvested species in production ecosystems that support food provision, including soil micro-biota, pollinators and other insects such as bees, butterflies, earthworms, greenflies; and non-harvested species in the wider environment that support food production ecosystems.

Agrobiodiversity is critical to achieving healthy diets and agroecosystems and is a unique cultural and economic asset. However, the diversity of local food production systems, as well as farmers' knowledge, culture and skills are declining. With this, agrobiodiversity is also disappearing at a significant scale. The disappearance of farmed crops and breeds also leads to the disappearance of non-farmed species[07]. Improving the condition and diversity of agroecosystems will increase food systems' resilience to climate change, environmental risks and socioeconomic shocks while creating new jobs.

The European Commission therefore should

- continue its commitment to implement the Kunming-Montreal Global Biodiversity Framework, starting with making the ambition on biodiversity part of the benchmarking framework (seeC.1.2.);

- support farmland biodiversity and agricultural nature management through an effective reform of the CAP and its tools (see C.1.3.), including a dedicated eco-scheme for agrobiodiversity, and the unlocking of nature funds.

Integrated Nutrient Management: Current nutrient flows for nitrogen and phosphorus in agriculture must become more circular to protect the environment and food security within the planetary boundaries. Key issues include eutrophication, nitrate pollution of surface water, groundwater, and oceans, and harmful air pollution. Improving nutrient management by closing the phosphate cycle and using nitrogen and other nutrients more efficiently is essential to mitigate these impacts and establish a sustainable nutrient cycle for future generations.

07 Food and Agriculture Organisation (FAO) (2006). Building on gender, agrobiodiversity and local knowledge. A training manual. Rome.

The European Commission should put forward the publication of an Integrated Nutrient Management Plan, which was already announced in March 2020. Such a plan should provide a fully-fledged strategy that looks at fertilization from a holistic point of view, with the aim of promoting complementarity between mineral and organic sources. It should focus on practices that

- ensure improved nutrient use efficiency and circularity;
- bring humanly consumed nutrients back to agricultural cycle in a safe and appropriate way;
- accelerate the decarbonization of production processes;
- ensure EU strategic autonomy when it comes to food production.

To support farmers on improving nutrient management, training programs should be provided to educate farmers on the benefits and usage of nutrient balance sheets, highlighting how they can improve efficiency and sustainability. Digital tools and applications, as well as their use by farmers, should be upscaled and further developed to simplify the process of maintaining nutrient balance sheets.

A framework for the production of decarbonised fertilizers and the development of nutrient recovery technologies: In addition to better farm-level nutrient management, a comprehensive strategic framework is needed to support the sustainable production and use of fertilisers and manure, including application technologies, as well as the development and use of nutrient and manure recovery technologies that comply with the law. This framework should ensure that fertilisers are safe and efficient, provide farmers with cost-effective and viable alternatives, ensure soil health, and make training programmes more accessible. The need of mineral fertilisers should be reduced and these should be produced primarily with green energy for the development of which financial incentives should be provided.

Enhancing administrative capabilities to manage and promote safe and reliable nutrient recovery technologies is helpful for the successful implementation of integrated nutrient management systems. Investment in research and development of such technologies is also needed to ensure they are safe, efficient, cost-effective, and environmentally friendly. Collaboration between governments, research institutions, and the industry will be key to driving innovation in nutrient circularity.

Development and use of biocontrol: Biocontrol can be an alternative to conventional pest control and its application can help farmers reduce their pesticide use, in particular Integrated Pest Management. As conventional products keep disappearing from the market, and in response to the growing significance of biological control tools in agriculture and environmental management, it is recommended that the development, entry into market and application of biocontrol will be accelerated.

To achieve this, the European Commission should, by 2025, enable a robust legislative framework for biocontrol products and approaches. This legislative framework should

- prioritize fast-track authorization processes for biological control within the upcoming EU Commission's work program, aiming to implement shorter timelines while always following proper scientific assessments in terms of efficacy and safety;

- promote the application of on-farm biocontrol practices as for Integrated Pest Management Control (e.g. production of natural pesticides, pull-push practices, etc.);

- encourage and ensure knowledge transfer between all actors involved in the production and use of biocontrol products, from applicants to end-users (e.g., farmers);

- enhance national administrative capacity and expertise to efficiently and safely handle all biological control, natural substances and low-risk chemical PPPs dossiers;

- extend research topics and investment beyond technical issues to biocontrol's relation to climate change mitigation and farm economics to create a more holistic image of the impact of the use of biocontrol.

Additionally, Member States should enhance their national administrative capacities and expertise to more efficiently and rapidly manage biological control dossiers and accelerate entry into market of safe and sustainable alternatives.

2.2.3. Organic farming

Organic farming is currently the only sustainable production system regulated by EU legislation, which ensures its sustainability through strict production and processing principles, accompanied by third-party control and certification. This system contributes to biodiversity protection, climate change mitigation, soil health, and water quality while creating profitable opportunities and engaging diverse demographics such as young people and women in agriculture. Many innovations and practices developed within the organic sector and other sustainable farm practices are also benefiting and complementing the conventional sector in its development towards more sustainability and have already been taken up by it.

The European Commission and Member States should support the organic production as follows:

- Ensuring a balanced development of supply and demand by stimulating demand for organic products, such as through sustainable public procurement (see C.2.3.);

- Strengthening the organic market by investing in promoting the European organic logo in EU and third countries and supporting retailers and processors by more coherent requirements and less burdensome rules and controls;

- Ensure adequate funding through CAP to support the conversion and maintenance of organic farms;

- Enhance funding for organic research within European innovation partnerships and upcoming EU research programmes;

- Establish policies and funding mechanisms for knowledge creation and dissemination and mainstream education to organic farming and agroecology in agricultural training at all levels;

- Foster the growth of organic farming networks and advisory services at national and EU levels.

2.2.4. Agroecological solutions

The urgency of the transition requires fostering the different management systems and business concepts which set the sustainable use of natural resources at the center of the activity. In that context, agroecology is an internationally

recognized concept that can guide the transition towards sustainability, resilience and fairness. It is a holistic and integrated approach that simultaneously applies ecological and social principles and concepts to the design and management of sustainable agriculture and food systems.

It is based on the 13 agroecological principles that have been established by the High Level Panel of Experts on Food Security and Nutrition of the Committee on World Food Security and that are aligned with the 10 Elements of Agroecology adopted by the 197 FAO Members in December 2019. Agroecological solutions apply to all forms of sustainable agriculture and food production systems, including crops, horticulture, livestock and pastoral systems, agroforestry, fisheries, and aquaculture. They also apply to food processing, commercialization, consumption and waste management. They represent a framework for any farm or food business that engages in sustainable transformation. The comprehensive approach of agroecology sets it apart from other sustainability paradigms through its bottom-up processes and local adaptations.

Therefore, the European Commission and Member States should support the agroecological transition by promoting agroecological practices either at farm level or food system level. These include agroecological farming practices (crop rotation, cover cropping, diversification, no-tillage, organic, hedge rows, animal integration, silvo-pastures, agroforestry systems, etc.) as well as agroecological food system practices (e.g., short supply chains, direct sales from farm to consumers, rural community engagement, Community Supported Agriculture (CSA), Participatory Guarantee Systems (PGS), land cooperatives, peer-to-peer tool and knowledge sharing, participatory action research, diversity of enterprises, small-scale food production, growing one's own food).

To facilitate the transition to agroecology, it is crucial to ensure the widespread availability of independent agroecological advisory and training services for farmers, akin to a public service. These services should accompany farmers and secure their transition trajectory towards agroecology and should also be supported.

2.3. Creating pathways for sustainable animal farming in the EU

The EU animal farming has been confronted with structural and conjectural challenges over the last years, including the impact on the planetary boundaries, lack of profitability and attractiveness for some farming systems and reinforced societal expectations such as the need to protect animal welfare.

Animal farming in the EU is a source of both positive and negative externalities. On the one hand, livestock can contribute to nature conservation and restoration, biodiversity, soil health, and the socio-economic fabric of rural communities. Livestock can open up the landscape through the grazing of herbivores, allowing all kinds of human and economic activities in agricultural marginal lands where crops cannot be produced, while preventing wildfires, erosion and avalanches. From a social and economic perspective, livestock farms employ 4 million people in the EU and represent 40% of the total agriculture value [08].

On the other hand, there are confirmed linkages with negative externalities, such as greenhouse gas (GHG) emissions, pollution, antibiotic resistance, natural resource use including water, and animal welfare issues. In addition to GHG emissions, the presence of nitrates within local groundwater from on-farm effluent

08 Source: Eurostat

into watercourses is a major problem. Water quality needs improvement through enhanced management of manure spreading and nature-based protection measures surrounding water courses in order to minimise negative externalities.

The kind and scale of these externalities depend on the type of animal farming and the geographical, climatic, ecological, and economic context. The balance of these externalities of animal husbandry, positive and negative, is controversial amongst the members of the Strategic Dialogue. Being an important and diverse part of European agriculture providing food, by-products, and services to the society, it is essential to support animal farming in its transition towards greater sustainability and the management of negative externalities, while recognising and accelerating the efforts already made.

2.3.1. Sustainable transition

The transition of animal farming in the European Union needs to achieve improved sustainable scale and practices, and support mixed and high welfare farms, and business models that reduce negative and create positive externalities. The European Commission should set up a process for developing a strategy on the key role of animal farming based on robust scientific evidence and the consultation of all stakeholders concerned.

This should incorporate concrete pathways for action, to show a way forward, including

- financial support for investment, advice, and education;

- support for practices and advanced technological solutions for emissions reduction throughout the livestock supply chain, without undermining animal welfare improvements or penalising smaller producers with reduced investment capacities (which could lead to a concentration of the production); this also applies to already currently used practices for a better slurry or litter management, manure storage and faeces separation technologies, that are essential to produce organic fertilisers;

- the promotion of innovative circular economy approaches, such as circular feed solutions based on the use of more co-products, by-products, as well as the conversion of waste for food and feed, especially in monogastric livestock systems. It must be considered that modern genetics can improve the feed conversion rate and reduce feed losses. Such approaches should not undermine high animal welfare practices and food safety.

- In areas of high concentration of livestock with environmental impact, long-term solutions need to be locally developed, taking serious consideration of the potential socio-economic and political consequences of any transition scenario. The actions at territorial level foreseen in section C. 2.2.1. will be crucial to guarantee a proper transition in the areas with high concentration of livestock: As indicated in section C. 2.2.1., the foreseen territorial approach should not only be based on GHG emissions, but also take into account other environmental ambitions that are not being met. The measure would be supported by the Agri-food Just Transition Fund (see C.1.4.).

- support for the biodiversity-focused management of semi-natural grasslands through grazing [09];

09 Grassland accounts for 17.4% of the EU land cover. Eurostat (2024, September 2nd). Land cover statistics. Eurostat. Statistics explained. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Land_cover_statistics

- a better management for the co-existence of farming with large carnivores, which is clearly needed in the context of extensive production, so both the domestic animal population and wild fauna can remain side by side in the long term;

- incentivising renewable energy use for livestock farms such as the installation of solar panels on the roof on the buildings or on pastures, which would contribute to reducing their environmental footprint.

2.3.2. Animal welfare legislation

Animal welfare legislation develops the protection of animals as stipulated by the Treaty on the Functioning of the EU (Article 13), which stresses that full regard should be paid to animals' welfare requirements when formulating and implementing the EU's agriculture, trade, and internal market policy. This requires the involvement of many actors: breeders, medicine providers, farmers, transporters, slaughterhouses, veterinarians, processors, retailers, consumers, NGOs, scientists etc. The challenge is to draw on the appropriate scientific data, have the right transition periods, harmonise the rules, and provide farmers with the right tools and knowledge to take action.

The Commission's revision of the existing animal welfare legislation as announced in 2020 as part of the Farm to Fork Strategy should adapt to the pace of innovation on the ground, aiming at harmonisation across the EU and considering the potential socio-economic impacts, both positive and negative, for EU farmers. The revised rules should not undermine the competitiveness nor the high standards that the EU livestock sector has already achieved in the past five decades.

Therefore, the European Commission should propose the revision of the animal welfare legislation by 2026, which should be based on

- an updated holistic and thorough socio-economic impact assessment, considering in particular the implications on medium and small farms;

- the One Health approach: Animal health is closely linked to animal welfare, and the revision of the welfare rules must consider the implications for health. The One Health approach recognises the interconnectedness of human, animal, and environmental health. This approach is therefore especially important for the EU in addressing challenges such as antimicrobial resistance, as it affects both humans and animals;

- the five domains model, meaning that farmed animals should: (1) be healthy; (2) have sufficient space and resources to thrive; (3) be able to express normal behaviours; (4) enjoy nutritious food and clean water at all times; (5) have positive mental experiences, with environments that stimulate curiosity and positive interactions;

- scientific evidence coming both from the literature and practice-oriented research, which complement each other and EFSA scientific advice.

As the revision of the animal welfare legislation should consider the socio-economic impact for farmers and agri-food actors, the Commission should provide the means, resources and appropriate timelines for the market to adapt to possible changes that could lead to an increase of costs. Appropriate transition periods and pathways should be adapted as well to each species, so it does not compromise the continuity of the positive externalities that the livestock sector provides in the EU and avoids or mitigates negative externalities.

The Commission's commitment to the phase-out of cages and other closed confinement systems in animal farming should be accompanied by a species-specific and appropriate transition period and ensure that farmers are fully compensated by financial means to ensure a smooth and viable transition for all producers involved.

On trade rules, the Commission should ensure coherence between EU animal welfare standards and ensure that the EU livestock production model and EU Animal Welfare legislation are not undermined.

2.3.3. Animal welfare labelling

In the context of a revision of the animal welfare legislation, the Commission should propose a comprehensive multi-tiered EU-wide animal welfare labelling scheme (AWL) including all primary and processed EU meat and dairy products.

Development and evolution of a regulatory framework for a voluntary label should be evaluated on a regular basis, for which consideration should be given to whether mandatory labelling will be required in the future.

The objective of such a label should be to inform consumer choice and build trust, as well as to increase awareness on animal welfare standards and incentivise and reward farmers to improve animal welfare. The EU should provide financial means to communicate and increase consumer awareness about the AWL.

An AWL must promote sustainable practices that have a positive impact on animal welfare. Such a label can stimulate the economy by creating demand for higher welfare products and providing producers with a means to achieve market differentiation. The AWL should set criteria to which private schemes need to adhere, the benchmarking system will facilitate comparison between the schemes, and the AWL should be accessible across all business operators including the out-of-home market.

The Commission should define, together with the stakeholders (for example through the participation of the EBAF, see C.1.6.), the content of the AWL, considering both the requirements of production and respective systems (and the necessary investments for producers that this would imply) and the species-specific indicators to assess welfare from the animal's perspective, based on science.

Given the proven benefits of organic farming on animal welfare as a well-established and well-known label, the animal welfare requirements contained in organic farming should be featured as the highest level within the AWL.

2.4. Leveraging the opportunities offered by bioeconomy

The bioeconomy should be of central importance in combatting climate change, safeguarding ecosystem resilience, and delivering to restore nature. It must recognise the full value of ecosystem services, promotes economic development and creates new jobs, especially in rural and remote areas of Europe. The use of sustainable biomass from agriculture and forestry enables the two concepts of bio- and circular economy to interconnect within a bio-based circular economy by providing renewable materials, services, and products that can be used, reused, and recycled up until the end of their life, at which point they can be turned into energy. The bioeconomy should be considered as a long-term contribution to tackling climate challenges and be supported by long-term policies to attract young people into rural areas,

promote the development of new skills and implement innovative solutions for a sustainable supply and use of locally sourced biomass. It should capitalise on the huge diversity of Europe's supply chains specific to each region.

The European Commission and Member States should coordinate their policies at EU and national level among various agriculture-related ministries (e.g., agriculture and food, forestry, biodiversity, climate, energy, waste). This should improve the framework conditions for the flow of materials and residues within and between different industries and users in order to allow for a more efficient use of available biomass resources with due respect to the waste hierarchy. This coordination needs to extend beyond the EU to ensure a just transition for third countries supplying biomass. In this context potential risks emerging from the bioeconomy must be anticipated and effectively managed. Primary producers and primary food processors should engage in the whole policymaking process. For farmers, forest owners, and managers to enhance their contribution to a more sustainable bioeconomy and to healthy and resilient ecosystems, they need to be considered equal partners rather than mere biomass suppliers. Building on producers' cooperatives as key stakeholder entities, concrete actions to further develop the rural bioeconomy in the EU should be implemented. Strong public-private partnerships in which rural actors actively participate can help turn niche into norm to support the development and implementation of bioeconomy initiatives. Collaboration between public and private sectors is necessary.

Lastly, the gap between Member States' actions for agriculture and forestry bioeconomies and better support for countries or regions that are lagging behind needs to be addressed.

2.5. Towards a zero-waste future and responsible usage of food surpluses

In order to advance towards a zero-waste future and responsible usage of food surpluses, a more holistic approach towards food loss and waste issues is needed, both at EU and national level. This would require the establishment of a more supportive policy frameworks. By engaging with policymakers, industry stakeholders, and civil society organizations, policy initiatives can create a favourable and enabling environment for food waste reduction efforts.

Non-profit registered social organisations which distribute free food to the most disadvantaged persons (in this section referred to as 'organisations') are operating in most Member States. Their track record in addressing the management of food loss with the purpose of alleviating food insecurity is well documented.

The European Commission should propose a harmonized definition of the role of organisations involved in the logistics and distribution of foodstuff and should encourage Member States to adopt fiscal incentives such as zero-rated VAT to promote and facilitate food donations to charitable organisations. At the same time, European institutions should secure long-term adequate funding commitments towards the alleviation of food insecurity and invest in monitoring and data analytics.

The Member States should ensure the involvement of local and regional stakeholders, including governments, the private sector, and civil society, with the aim of developing tailor-made and needs-based food waste prevention programmes. The latter should focus on addressing localised food waste hotspots, together with specific attitudes, behaviours, and food environments that contribute to food

waste. Sufficient importance should be placed on cultivating a robust understanding of the factors driving food waste, particularly at household level.

Member State's legislation should be developed to the effect that non-profit organizations of social utility which carry out, for charitable purposes, free distribution to the needy of foodstuffs, are equated, within the limits of the service rendered to the final consumers, for the purpose of the correct state of storage, transport, and use of food. This will also apply to organizations dedicated to the welfare of the well-being of abandoned or abused animals.

Member States should allow food surpluses to be used by non-profit organizations of social utility, producing and delivering free food for their beneficiaries. To this effect, Member States should ensure that the hygienic collection, the conservative and/or transformation treatments of food surpluses be allowed and encouraged, in hygienic conditions, by these organizations. Lastly, they should allow food waste to be used, in hygienic conditions, as animal feed.

The monitoring and regulatory management of food losses and waste should be entrusted to a European Commission's appointed transversal body including all relevant Commission services.

C.3: Promoting transformative resilience

Climate change, biodiversity loss and pollution, as well as the the loss of agricultural, forest and other semi-natural and natural land confront Europe with increasingly numerous risks and vulnerabilities. In addition, geopolitical and economic developments are growingly exerting pressures on agriculture and food systems. Addressing these risks requires bolstering the transformative resilience of the agri-food sector, i.e. its capacity to effectively react to and withstand stresses while also adapting and transforming. Approaches must combine both short-term and long-term solutions and should focus on risk prevention and reduction through adaptation, while also strengthening traditional risk management instruments (such as risk sharing and risk transfer through insurance schemes) and crisis response tools. In any case, the potential for moral hazard in the sense of irresponsible behaviour due to economic disincentives needs to be duly considered so that agri-food actors are not prevented from transforming and adapting within a reasonable period of time.

Resilience should be considered and planned at the level of individual farms as well as at regional, national and EU levels and involve all relevant actors from civil society and the agri-food sector.

3.1. Better preserving and managing farmland

Land and soil aspects lay at the core of the vision of agriculture the EU wants to promote, as they are interlinked with many socio-economic, environmental, and territorial objectives. Several aspects of soil and sustainable land management practices are already mentioned in section C.2. While national laws govern private property, land and soil remains an EU topic due to its transboundary characteristics and its role in major sectorial policies of the Union (i.e., agriculture, cohesion, environment and climate action). The most pressing challenges are as follows.

Land use: Sustainable use of land is a core interest of each farmer, as it is the base of agricultural activity. Land abandonment can have negative social and environmental impacts. Climate change is impacting the quantity and quality of remaining land. At the same time, there is high competition for its use: between different farming purposes and with other non-farming activities. From the point of strategic autonomy there is a vital interest in preserving arable land for agricultural use. The financial constraints of actors outside the agricultural sector are often disconnected from those that farmers specifically face and also from the possible profitability of agricultural production on a piece of land. Moreover, the opportunity cost of other uses by other actors worsens this competition (e.g. carbon offsets).

Land access: Low capital and immovable collaterals, but also increasing prices both for property and rent, have rendered it challenging to access quality land, especially for young farmers (see C.4.1). Additionally, the lack of long-term attractive contracts makes it difficult to get into a rental agreement and does not incentivise investing in soil quality.

Land mobility: Intergenerational land mobility is limited, with specific constraints for new entrants outside of the family context, but also for relatives taking over family land. Land retention of older farmers is often motivated by low pensions and the desire to preserve revenue from CAP subsidies and land rent, as well as different expectations related to the farm's future (see C.4.1.). Increasing farm size and land concentration, requiring too big of a financial capacity for purchase by young people, further hinder farm transmission. The Strategic Dialogue therefore calls for the European Commission to implement the following measures:

3.1.1. Nonet land take by 2050

Land take remains a threat to soil health and biodiversity. This includes the loss of agricultural, forest and other semi-natural and natural land to urban and other artificial land developments such as industrial sites, roads or housing. Due to variable levels of protection across Europe, land take, just as other threats to soil health, including soil sealing, soil erosion, soil organic carbon loss, and soil nutrient imbalance, remains a disregarded issue on a collective level. It is crucial to establish a clear pathway to address it by defining a target and providing tools to public authorities to apply it in their urban planning decisions.

Using the EU Soil Strategy, the European Commission should establish, together with Member States and the European Parliament, a legally binding objective of 'no net land take by 2050' to align with its environmental ambitions and ensure that soil managers have access to their working tool, giving them the conditions to implement sustainable soil management practices, tackling soil erosion, soil organic carbon loss, soil nutrient imbalance, soil compaction, soil pollution and loss of soil biodiversity. To do so, the co-legislators are recommended to integrate the objective into the currently negotiated EU Soil Monitoring Directive.

A no net land take target does not aim to reduce soil sealing or construction to zero. It is about avoiding the sealing of agricultural and natural land as much as possible and focusing on building on land that is already sealed or in use. If new land is occupied by artificial developments, this should be compensated for elsewhere. Unused or degraded land would have to be returned to cultivation or to nature restoration.

In parallel, the European Commission must create the land planning hierarchy announced in its Communication on a Long-term vision for rural areas in 2021, as a supporting tool for Member States and their regional or local authorities to apply the objective.

3.1.2. European Observatory for Agricultural Land

As recommended by the European Parliament, this new Observatory should be launched by the European Commission, with the involvement of the national authorities competent on land. It will enhance transparency and cooperation in domains such as land transactions and transfers of land use rights (purchase, lease, control of shares), price trends and market behaviour, changes in land use, loss of agricultural and natural land, soil quality, and erosion. The Observatory should have a monitoring role, including issuing annual reports and providing recommendations based on a set of criteria, including CAP and environmental objectives.

As part of the activities of the Observatory, the Commission should launch a study on land governance bodies. It will examine the different bodies across Europe, including their governance rules and contributions to the objectives of land

access, mobility, restructuring, and sustainability. This study would help compare existing models, establish good practices, and identify areas for improvement.

3.2. Scaling up adaptation

A fundamental step to make the European agri-food sector more resilient consists in proactively preventing and reducing risks, in particular those arising from climate change and environmental degradation. This requires scaling up the sector's adaptation both at farm and landscape level. In many cases, adaptation requires changes in the farming system, so that nature and agricultural practices can be reconciled for a medium- to long-term sustainable use of nature capital. Sustainable farming practices and new business models need to be scaled up to promote a more efficient use of natural resources, especially water, less reliance on agricultural inputs, the protection of soils, the restoration of nature, and the diversification of crops and animal breeds. In extreme cases, farming might become impossible without adaptation. Farmers therefore need to be systematically supported in the implementation of adaptation measures. Detailed recommendations on how more sustainable farming in Europe should be promoted can be found under section C.2.1.

3.2.1. Water-resilient agriculture

Water scarcity and droughts, as well as heavy rainfall and flooding, are one of the grave consequences of climate change in a growing number of European regions and creates increasing challenges for food producers. Taking into account this pressing challenge, Member States must develop and secure funding for management and conservation plans, adapting agriculture to changing conditions, with appropriate targeted investment aid (which must also include nature-based solutions to water storage). In that context, the benefits provided by healthy water and soil ecosystems, as well as those provided by agrobiodiversity and reduced water consumption should be leveraged. The following areas require particular attention.

Natural water retention measures on agricultural soils must be improved through measures to enhance soil health, land use systems with adapted crop rotation, buffer strips and hedges or strip cropping along contours, as well as actions at the level of the water body, such as re-naturalisation and stabilisation of riverbanks and restoring retention capacities of aquifers.

Support is deserved for the adoption of adapted varieties, or switch to different crops, with reduced water requirements and greater drought resistance and the adoption of appropriate soil management practices.

Reclaimed water use should be encouraged. The barriers to provide further water allocation for agricultural purposes and ultimately improve water retention need to be overcome. Such approach goes hand in hand with a better consideration of the nutrient cycle and the exploitation of the value in urban wastewater. Member States must support the agricultural sector to optimize their nutrient consumption including by using resource (nitrate and phosphorus) recovered from wastewater treatment plants.

Innovative irrigation solutions can improve water use and promote water savings. Its uptake therefore should be incentivized.

Water storage facilities in agricultural areas that do not damage groundwater bodies and rivers need increased efforts to be funded and installed.

Technologies such as gravimetric measures

for groundwater monitoring and digital tools to monitor the quantitative and qualitative status of water and soils are highly relevant. They should be developed in cooperation with the agricultural sector, including by the development of collaborative structures in order to disclose the relevant data to the relevant authorities and to the public. The European Commission should provide guidelines to Member States on the use of such instruments.

National water agencies will play a central role in implementing the new management and conservation plans at Member State level. Members States should financially and technically increase the capacity of water agencies to play a more significant enabling and advisory role in sustainable and future-proof water management and storage infrastructure in agriculture areas. Particularly, Member States and the European Commission should explore the benefits of a subsidiarity principle to strengthen natural water retention and aquifer recharge. EU funds, such as the Just Transition Fund, should be used to further assist Member States and water agencies in the implementation.

3.2.2. Innovative plant breeding approaches

Seeds are a key input for competitive and sustainable circular agri-food systems in EU. A comprehensive, sustainability-oriented system supporting innovations in plant breeding is therefore an important precondition.

Maintaining yields under increasingly challenging climatic and environmental conditions and associated new pest and disease pressure, and thus assuring food security, requires a strong focus on plant breeding innovations. Plant breeding innovation can contribute to productivity and quality gains in both crop and animal production, to seed health and quality, and can also support human health and animal welfare, e.g. through improved nutritional value, digestibility, processability and storability of plant products. Agronomic innovations through plant breeding can effectively lower dependencies on external inputs and natural resources through e.g. improved nutrient-uptake or water-use efficiency.

The enormous challenges posed by biodiversity loss and climate change, the positive aspects of biodiversity conservation, the development of climate-neutral or even climate-positive lifestyles, and the establishment of circular agri-food systems – none of these can be addressed without an appropriate plant breeding innovation system. It is therefore critical that respective research, technology development and product deployment is strongly supported by the relevant EU's policies and regulatory frameworks.

To further support the continued adaptation of plants to the evolving growing conditions that can serve the needs of different farming systems, Member States and the European Parliament, supported by the Commission, should continue to develop the European breeding model, safeguarding freedom of choice for breeders and farmers while recognising the contribution of hundreds of SMEs and farmers. Products of essentially biological plant breeding methods and such methods themselves must remain not patentable. Intellectual property rights and licensing systems must be structured in a manner that balances deserved IP protection for true inventions with broadest possible access under fair, reasonable and non-discriminatory conditions, to the benefit of society at large and respecting farmers' rights as recognised in article 9 of ITPGRFA.

In this respect, collective practices of farmers related to seeds have a crucial role to play, as they enable the adaptation of seeds/plant varieties to

local growing and climatic, environmental and social conditions by fostering agrobiodiversity. Their role should be protected as outlined in guideline 3.7.

EU Institutions shall continue and prioritize the on-going discussions on the conditions for authorization and marketing of plant reproductive material (PRM) products to ensure that breeding continues to contribute to sustainability and quality gains through varieties adapted to local growing conditions and changing environmental, climatic, and economic circumstances, with a strong focus on improved resistances and tolerances as well as on seed health and quality.

3.3. Robust risk and crisis management

In addition to reducing and preventing risks through adaptation and structural transformations, a resilient agri-food system also must have the ability to effectively react to risks and crises. This requires recognizing the strategic importance of food and establishing robust risk and crisis management tools that do not disincentivize adaptation nor transformation. To achieve this, the Strategic Dialogue recommends the following:

Strategic mapping and contingency planning: As climate change and other economic, social, and geopolitical transformations impact competitive advantages, it is essential to design contingency planning to absorb and adapt to these structural changes. Therefore, based on information and data provided by EU Member States, the European Commission should conduct a strategic mapping of the structural shifts in agri-food production, as well as of key risks and vulnerabilities. This mapping should also include an overview of future competitive advantages in agri-food production and inputs to better navigate critical investments.

Mitigate risks from overdependencies on certain critical inputs: Support policies will be needed to incentivize producers to consider development of production structures for critical inputs, while reducing the need for external inputs overall. To reduce the EU agri-food system's risks from overdependencies on external mostly non-renewable, polluting and costly inputs imports, the European Commission should:

- Introduce policies which aim to significantly reduce this current dependency while at the same time increasing social, economic and environmental resilience of production and supply systems;

- Introduce policies to stimulate a sustainable European production of inputs that remain necessary to food production;

- Develop an input investment plan to support the development of resilient structures for necessary inputs and local supply chains;

- Facilitate capacity building in EU member states to increase their potential in the production of the above-mentioned critical inputs.

Availability of and access to risk management tools: A more coherent system is needed to identify, assess, prevent, and mitigate risks at farm level. This more coherent approach should allow farmers across the EU to better identify the options at their disposal as well as organize risk management at farm level. Future public action on the domain of risk management should be built around these three risk levels:

- Normal risk management is based at farm level or the level of producers' organizations and cooperatives.

- Marketable risks are dealt with in a public-private manner, using subsidies, insurance schemes and mutualization funds (currently supported under the second pillar of the CAP).

- Catastrophic risks are dealt with at a public level, using the reformed crisis reserve of the CAP.

In line with this approach, it is recommended that the Commission enter a dialogue with insurance companies with the objectives to improve the transparency of insurance markets, ensure that farmers across the EU territories have access to agricultural insurance and facilitate the development of a single market for agricultural insurances. In this process, insurance companies should be encouraged to reflect instruments more adapted to all sectors, including livestock, mixed-farming, agroforestry, pastoralism, and fisheries; In the context of the future CAP, ensure further integration between risk management instruments and associated investments. It is also necessary to pool resources – reinforcing individual and collective capacity – and complement with financial instruments, for example, targeted at climate adaptation and mitigation.

Agri-food sector as a critical entity: Due to the strategic importance of the agri-food sector in the overall economy and society (see Guideline 4), all Member States should recognize food as 'critical entity', i.e. strategically important, in national law.

In line with the Critical Entities Resilience (CER) Directive, which refers to "food" as a critical entity, Member States should explicitly recognize the agri-food chain as strategically important throughout their policies, notably in terms of access to energy and other essential infrastructure.

For this, the creation of strategic stocks of key agricultural commodities at EU, Member State and/or regional level to face crises must be carefully assessed in terms of its impact (such as avoiding unintended market disruptions) and effectiveness.

Agricultural crisis reserve: Even the most effective risk prevention and management measures cannot rule out the occurrence of crises, be they climatic, environmental, (geo) economic, or (geo)political. The European agri-food sector therefore needs robust tools to effectively manage crises. Existing crisis management, however, is not sufficiently fit for purpose and ineffective as its funds are not used in a targeted way. The Strategic Dialogue therefore recommends reforming the current agricultural reserve to better target exceptional and catastrophic risks. For that reason, the European Commission should propose to transform this tool into a multiannual instrument focused on exceptional and catastrophic risks.

At the same time, this new reserve should include the appropriate mechanisms to guarantee a consistency with other public funds and insurance schemes. In particular, access to this support should be conditioned to the use of risk management tools at an individual, private level.

C.4. Building an attractive and diverse sector

The future viability of European agricultural and food systems does not depend on their environmental sustainability and economic profitability alone. It is also based to a decisive degree on social structures, institutions and processes, which must be better reflected in their valuable pluralism and require vigorous improvement in several respects. Striving for attractiveness means that the diversified realities and dynamics of agriculture, food systems, and rural areas are better reflected in policies. Policy makers must take this pluralism into account and support it, rather than standardising it. Food systems of the future must be aligned with this diversity to give as many farms, businesses, rural areas, and communities as possible a development perspective for sustainable change and improved competitiveness. As stated elsewhere, the education, vocational training, and advisory systems must also reflect this.

4.1. Supporting future generations of farmers

Future attractiveness, performance, and resilience can be increased through a range of development and support measures. Strengthening intergenerational responsibility is particularly important here. The challenge for each new generation should be to do even better than the previous generation and to be even more careful with the resources entrusted to them, both natural and cultural. The older or retiring generations should have confidence in the ability of the younger generations to realise this potential. Those who work in the agriculture and food industry always bear responsibility for the economic and living conditions of future generations and rural areas. This responsibility is particularly important when working with and in nature. It is for this reason that the members of the Strategic Dialogue see a particular focus on emphatically improving the enabling conditions for the necessary generational renewal (see Guideline 5).

Generational renewal is a cross-cutting issue to many policies and, therefore, requires a coherent approach. New generations in agriculture, young farmers as well as new entrants, aspire to have a meaningful impact on their communities and society while maintaining their work-life balance. They feel attracted to collaborative work, flexible structures and social innovation. With only 6.5% of farmers under the age of 35 in 2020 [10], EU agriculture is ageing, with all the consequences for the dynamism of all areas and the rural ones in particular, the realization of sustainability objectives, and the capacity to produce food while preserving the identity of our regions and landscapes.

EU action plan: The Strategic Dialogue calls on the European Commission to take concrete steps to support generational renewal in food systems. This should take the form of a dedicated action plan for generational renewal to be developed with the involvement of the EBAF and launched together with the new Multiannual Financial Framework.

10 Eurostat (2024, February 6th). Farmers and the agricultural labour force – statistics. Eurostat. Statistics explained. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Farmers_and_the_agricultural_labour_force_-_statistics

In doing so, the Commission should take into account the recommendations already presented in the European Parliament report "Generational renewal in the EU farms of the future" [11].

This action plan should propose a strategic roadmap for action across several EU policies and governance levels. Based on an analysis of the main causes of the lack of generational renewal, the action plan should include concrete initiatives and specific proposals on how to address these barriers. On this basis, the individual Member States are also to draw up action plans for generational renewal by the end of 2027.

In addition to financial support for young and new farmers under the CAP, the Strategic Dialogue sees the following areas as priorities for the EU action plan:

- Guidelines on land mobility schemes for young farmers and new entrants
- Loan packages to young and new farmers
- Educational and life-long learning for farming and related professions

Land mobility schemes: Land access is a primary obstacle to installing and developing farming activities. While the national laws of Member States govern private property, the issue of land access is certainly a topic for the EU to address, at the very least exchanging good practices.

To this end, the European Commission should establish guidelines for Member States on supporting land mobility for young farmers and new entrants in agriculture. These guidelines will provide models of existing land mobility schemes, including success factors and areas for improvement, as well as policy levers to facilitate the implementation of these schemes. In addition, they should provide examples of how to use the cooperation measures currently supported by the EAFRD and invite Member States to reflect on how their social policies (in particular retirement), can support better land mobility in the EU. The future European Observatory for Agricultural Land (see recommendation 3.1.2.), once in place, should also facilitate exchanges and best practices on land mobility.

Dedicated loan packages: Due to its capital-intensive nature, agriculture is a long-term commitment, which grants can support in the early years but for which access to credit lines remains essential. It is key to help young farmers and new entrants access credit through financial instruments. These should include installation aid, investment support, guarantee instruments, and transition risk-sharing loans. More broadly, banks and other financial stakeholders should jointly reflect on the future of investment support.

In response to this, the Strategic Dialogue recommends that a specific group loans package dedicated to sustainable agriculture and young farmers be implemented by the European Investment Bank in cooperation with the European Commission by mid-2025 (see C.1.4.). In this, in order to support the beginning of their activities. a minimum percentage should be reserved for young and new farmers.

Education: The farming profession must regain public visibility by reinforcing education and communication at public and private levels. A more strategic and holistic approach will be needed to reposition farming as an attractive and rewarding career choice.

11 European Parliament (2023). Resolution of 19 October 2023 on generational renewal in the EU farms of the future. (2022/2182(INI).

The European Commission should adopt a cross-directorate-general approach to develop, by mid-2026, a common educational strategy for better information on agricultural occupations to be implemented across different educational institutions and programmes. It should include information on socio-ecologically and economically attractive transition farming systems, including specialized production schemes such as agroecology, regenerative agriculture or organic farming.

The objective should be to create visibility for farming, reflecting the diversity of professions in the sector. In this context, the Commission must review its existing youth programmes, such as Erasmus+, Erasmus for Young Entrepreneurs, and other initiatives, to ensure better inclusion and representation of farming and food systems in those programmes. The Strategic Dialogue recommends that Member States should develop and fund additional educational programmes and awareness campaigns so that all people become more aware of the career options in food systems. The success of these actions must be reviewed regularly to adjust if necessary. Educational programmes – also in public-private partnership – should include practical farming elements, entrepreneurial skills, and more awareness of food production beyond the field or farm work. Member States should also make better use of the opportunities available in EU funding programmes such as Erasmus+ or the rural development funds for special advisory services for young farmers and new entrants.

In line with the movement already started by young farmers and rural youth organisations, the farmers' representatives of the Strategic Dialogue in their wide diversity strive to increase their communicational efforts to accelerate the visibility of the farming sector as dynamic, innovative, and rewarding amongst those who are currently under 35 years old.

4.2. Attracting and protecting workers

Socially just working conditions are an indispensable part of production in the agri-food sector. Conversely, sustainable production safeguards jobs, in particular in vibrant rural areas.

The Strategic Dialogue calls for a responsible partnership between all initiatives and institutions that want to embed sustainable business practices in the agri-food sector more firmly to ensure that the entire sector remains a major employer with around 30 million people in work. Taking into account demographic developments and competition from other economic sectors and with a view to greater resilience and attractiveness, future oriented working conditions in agriculture, food processing and trade must be given greater prominence. The anticipation of future qualifications and the development or adaptation of vocational education and training and upskilling and training programmes must take place in a timely manner. Rigorous socio-economic impact assessments and clear governance of the transition in close collaboration between the social partners and with the involvement of academia, education providers and education authorities are important here. Impact assessments must take into consideration impacts on workers, as well as on owners. Improving the living and working conditions in rural areas will also increase the attractiveness of the agri-food sector (see C.4.4). Above all, abuses in the most vulnerable areas of work must be consistently addressed and eliminated.

Attracting and retaining workers: At EU level broadscale partnerships such as the Pact for Skills [12] in the agri-food and retail ecosystems need to be immediately promoted and supported by the European institutions. Social partners, knowing

12 European Commission (n.d.). Pact for Skills. https://pact-for-skills.ec.europa.eu/index_en

the situation in a sector, are best placed to find tailor-made solutions to sectoral challenges and to the low attractiveness of the sector. For that, social dialogue and collective bargaining at all levels need to be instantly strengthened in line with the objectives of Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union that must be duly implemented.

Within the agrifood transition fund (see C.1.4.) medium term support programmes should be introduced to incentivise the sustainable digital and mechanical transformation of the agricultural sector, with a view to offering better qualified job opportunities, higher pay levels, more attractive career perspectives, safer working environments, higher competitiveness for business undertakings and more environmentally friendly operations. These measures must ensure the inclusion of all farm types in Europe.

The Strategic Dialogue wants to raise awareness of the attractivity of the sector showcasing its multiple career opportunities and career advancement. This could be accompanied by an exchange of best practices at the national and EU levels. European institutions and Member States should provide in the long-term legal immigration pathways for third-country workers to decent jobs where equal treatment compared to domestic workforce is ensured and with a priority on essential sectors such as agriculture.

Fair working conditions: Working conditions in the agricultural sector are often characterized by intense physical labour. The nature of agricultural work includes seasonal variability, with employment and workload fluctuating throughout the year. Additionally, agricultural workers may face limited access to benefits such as health insurance and pensions due to incompatible regulations, and access to public services is often a challenge for farming people given their rural isolation.

To ensure the sustainability and growth of the entire agri-food chain, it is crucial to implement practical policies and legislation that support local job creation and skills development.

- The Strategic Dialogue calls for the full implementation of social conditionality in the CAP in all Member States. In a timely manner, incentives and support services should be established to avoid triggering the sanctioning measures envisaged in the Social Conditionality in the CAP while building capacity of farmers to improve adherence to minimum labour standards and social protection of farmworkers.

- The European sectoral social dialogue is also an important tool for improving working conditions in all areas along the agri-food value chain as it improves collaboration between employers and employees at EU level and promotes a culture of partnership and mutual understanding. Youth organisations should particularly be included in this dialogue.

- To facilitate evidence-based policy-making, the European Commission should improve in the long-term pan-European data on workforce and working conditions, as well as labour legislations and sanctions systems. At the same time occupational health and safety conditions must be adapted to changing climate situations in order to achieve a higher level of protection. The corresponding data sets shall consider sector specificities such as seasonality, labour mobility, migration, outsourcing.

- The agricultural sector employs many

mobile workers who lack information about their rights (including joining unions) and duties because of insufficient command of the language in the country of work. The Strategic Dialogue calls on the Member States to provide effective protection, as well as access to information and independent counselling services in the mother tongue of the corresponding workers accompanied by effective linguistic and cultural integration programmes. In the same vein, a harmonised European approach to combating exploitative recruitment and outsourcing practices of agricultural labour is needed.

4.3. Gender equality and diversity

The members of the Strategic Dialogue consider it necessary for the future success of food systems that full gender equality is achieved. In particular, men and women should be equally represented in leadership positions. Although progress has been made over the years in the elimination of gender inequalities in the agricultural sector, many are still in place. Unequal access to land, financing, services and technology is a barrier to women's full participation. Much remains to be done to overcome prevailing stereotypes and to realise resilience and attractiveness.

Another crucial challenge comes from the lack of services such as childcare, nursery, elderly care, farm work substitute service, etc. which often means caring persons have less opportunities to participate in the labour market due to social expectations for unpaid care work and family commitments. Without boosting the development of rural areas (see C.4.4.), it will be very difficult to achieve gender equality and empowerment in the food and farming sector.

Gender inequalities also concern LGBTQIA+ people. In rural areas the acceptance of queerness remains even more difficult than in urban areas. LGBTQIA+ people therefore also face severe challenges and vulnerabilities including isolation, a lack of family acceptance and community support, stigma, and physical and verbal violence in addition to limited access to inheritance (including land), education, healthcare, and public resources.

The Strategic Dialogue calls for incorporating gender mainstreaming in agricultural and rural policy by the European institutions and Member States:

- Member States must ensure that rural areas are providing infrastructures and services that support women to live a fruitful and decent life.

- The European Commission has to enhance gender-transformative budgeting within EU financial frameworks, which means designing and implementing interventions to address identified gender inequalities and to prioritize this in the objectives of programmes.

- More and better data should be collected and assessed on an ongoing basis in order to better understand the unique challenges and opportunities that women farmers face.

- By 2026, the European Commission should conduct a study how the legal status of women and other underrepresented groups in agriculture could be improved. This study should also present the various organisation alternatives that exist in the different Member States (e.g. cooperatives, GAEC, ...). Based on this report, the European Comission should provide a list of best practices/guidelines for the Member States.

- Member States are encouraged to ensure

that any people working in the agricultural sector, in particular women, have a decent legal status that ensures them to have access to all the support and aids they might need, and have access to social protection. An observatory should be created to monitor social conditionality and to ensure that rights of agricultural workers especially women are duly respected.

- Member States should be encouraged to design, strengthen, and implement legislation to promote equal access to and control over natural resources for women, and other means of production and ensure the respect of women's land tenure rights and property rights, ownership, use and transfer, and the maintenance of such rights.

- Access to tailored financial services and resources for women in farming should be promoted. This may include financial literacy training, and support for women to overcome barriers to accessing credit and banking services.

- Women's participation and leadership roles within agricultural cooperatives and associations, in governance and in policy institutions in areas related to the food systems should be encouraged, facilitated, and supported. This could involve initiatives to build capacity, offer mentorship programs, and create an inclusive environment that fosters women's decision-making roles in the agricultural sector.

4.4. Invigorating rural communities

Rural areas with their structural diverse communities are part of European identity and strength in both quantitative and qualitative terms. Rural communities, through all their different economic and social activities shape the landscapes of the EU. Rural areas contain the largest part of our continent's nature capital and are therefore the responsibility of all of us.

Rural areas are specifically affected by fundamental processes of very complex civilisational changes as summarised in the term urbanisation, for example. This is evident at various levels, be they socio-demographic, infrastructural or economic. There are therefore clear urban-rural disparities in various respects, and they have a negative impact on the social fabric, not least on the generational renewal within the agri-food sector.

On the other hand, attractive rural areas are of crucial importance for food security, for the natural capital, for avoiding depopulation with an impact on rural landscape, for social cohesion, for the future viability of society in general and also for safeguarding liberal democracy in particular (see Guideline 10). It is therefore necessary to decisively tackle the causes and challenges outlined here in order to maintain the social, economic and environmental quality of life in rural areas, to regain it if necessary, to reduce the urban-rural divide and to make rural areas overall more attractive.

In this context, there is a whole range of proposals, plans and measures at the various levels of the political system. For the European Union, those in the context of the European Commission's "long-term Vision for the EU's Rural Areas" [2021] shall be key, the most recent report from the Commission in particular: "The long-term vision for the EU's rural areas: key achievements and ways forward" [27.3.2024]

It is not necessary to recapitulate the objectives and measures mentioned therein at this point. The Strategic Dialogue supports them and expressly emphasises the following recommendations in particular:

- The European Commission should establish in accordance with the recommendations on Governance (C.1.5.) a “Rural Test” ahead of a new Multiannual Financial Framework and other legislative proposals, in light of which it will test the rural inclusion performance of current and new legislation (rural proofing); Member States should be encouraged to do similarly. A “Rural Test” is a coherent set of policy measures to assess the likely impact of major EU legislative initiatives on rural areas and populations in their diversity and to avoid territorial desertification.

- The promotion of locally adapted and peasant farms, of similar structures for sustainable forms of agricultural production, or of farming in dedicated nature restoration landscapes (“bio districts”) can make an important contribution to a dense rural fabric (by establishing new and strengthening short supply chains).

The Strategic Dialogue recommends the consideration of ideas for a “European Rural Contract”, which should correspond to the Rural Test and could help to better address the specific needs of many rural area within the sustainability transition. Significant value could be added by creating favourable conditions for rural entrepreneurs to establish future-oriented business models and by ensuring rural communities’ access to the benefits of a climate neutral society. This lighthouse project could cover different policy areas, including agriculture, fisheries, forestry, energy, housing, economic development, social cohesion, and transport by putting political priority on rural areas and help to improve the implementation of EU and national policies and funding instruments with less bureaucracy and better enforcement of opportunities.

The following priorities accompanied by a non-exhaustive set of actions could form the basis for such an initiative:

(1) Developing further sustainable opportunities in rural areas, including by:

- continuing mobilising investments into rural economic activities, rural economic clusters and new value chains (see C.1.4.);

- supporting in particular certain rural areas faced with a fundamental economic structural change - with a focus on the agrifood sector, in order to establish new economic options in production, processing, distribution and consumer accessibility - so that new economic cycles emerge that strengthen the preservation of biodiversity and climate protection in an economically attractive way;

- supporting new skills and facilitating the establishment of new and young entrants into the land use sectors and rural economies (see C.4.1.).

- rewarding farmers and foresters for producing public goods, such as biodiversity and carbon sequestration, including through a repurposed spending of EU funds (see C.1.3.).

(2) Supporting the sustainable competitiveness of economic sectors contributing to the viabil-ity of rural areas, including agri-food sector.

(3) Improving the development of infrastructures for the benefit of rural areas as a whole, including access to social services, including education, training, healthcare, and culture; high-capacity digital networks all across the EU; clean mobility systems, such as public transport, electric vehicles, and bike lanes; and generation of renewable energies,

including wind, solar and biogas, from residual materials, coupled with regulations that facilitate the economic advantages of a decarbonised electricity structure for rural communities.

C.5. Better access to and use of knowledge and innovation

The sustainable transition of the agricultural and food system, as repeatedly emphasized in this report, is a task for society as a whole. Mastering this task requires the efforts of all areas and subsystems of society. In this context, research, technologies and innovations are also of paramount importance. They may include, inter alia, agronomic and other agricultural techniques, plant breeding, crop protection and fertilization innovations, climate-resilient systems and practices, new food technologies and products, new economic models (including rewarding the provision of eco-system services and higher animal welfare practices), satellite and drone imagery, artificial intelligence and process automation, and biotechnology.
In particular, digitalization can improve the management of sourcing and trade flows, but it must be embedded in democratically responsible governance mechanisms, agency and knowledge systems. Whilst new technologies have benefits, it should be noted that they are rarely without side effects and that they can entail socio-economic risks and challenges such as, e.g., changes in the public sphere, job losses, new skills requirements, or a so-called digital divide.

Agri-food innovations and innovation systems must be based on top-in-class science and research, supporting concrete product and/or services development. As food producers have intimate knowledge of the agroecosystems within which they operate, alignment with local knowledge as well as adaptation to local environmental and social conditions need to be taken into account in the innovation process. Careful and comprehensive consideration of the precautionary principle is equally essential.

Lastly, innovation and the use of technology must be aligned with and guided by a long-term vision of agriculture and food systems in the EU. A clear direction of travel will encourage investment in innovation and knowledge sharing and will ensure that new technological developments are targeted towards shared objectives. A guiding vision is developed in Part A of this report and guiding principles are described in part B.

5.1. Facilitating access to and better sharing of knowledge and skills

There is already a great deal of knowledge available that can help transition to fair, sustainable, resilient agri-food systems, but dissemination remains too limited. For producers, there is notably the need for access to independent expertise that disseminates agronomic knowledge across the EU and to training and technical support to effectively adopt new knowledge and enable the updating of sustainable practices. This also requires a forum where producers and independent experts can share skills, experience, and knowledge. Therefore, access to and sharing of knowledge and skills must be improved in a way that includes and benefits all actors in the food chain.

To achieve this, the European Commission, Member States, and agri-food actors should put in place well-funded, participatory knowledge systems for the rapid and effective dissemination and exchange of existing knowledge, best practices, skills, research findings, innovative techniques and experience to enable the required transition. This also implies the establishment of institutional structures and organizational capacity

to identify and deal with knowledge and skills gaps, overcoming obstacles to the transition. Furthermore, the above-mentioned actors should invest in agriculture-related education and food literacy to increase public and professional awareness of sustainable food systems, highlighting the benefits, risks, and trade-offs associated with different approaches.

Specifically addressed to the European Commission is the Strategic Dialogue's recommendation to evaluate and revise, where needed, the design, governance and functioning of farming extension and advisory services, aimed at providing farmers and food producers – in an inclusive way – with access to free and independent expert guidance, technical assistance, and training programs. It also should strengthen the implementation of Agricultural Knowledge and Innovation Systems (AKIS) within independent farm advisory services.

5.2. Increasing investments and partnerships in Research & Innovation

Increased funding for education on agriculture and food systems, lifelong learning and independent advisory services is needed. These programs and services will play a vital role in guiding the new generation of farmers in their efforts to farm sustainably. Funding lines are also needed to encourage social innovation and experimentation at the local level, for instance in the development and implementation of local food policies. To achieve this, the European Commission and EU Member States should better leverage existing funds to facilitate effective dissemination of skills and safe technological advancements. They also should support and strengthen innovation hubs and experimental settings (such as testbeds, field/living labs, landscaping initiatives and demo farms) across different regions within the EU, where farmers, food business operators, technology developers and public authorities can collaborate to pilot and assess the effectiveness of new or existing technologies and knowledge, while showcasing these in real-life settings. Member States are requested to increase EU funding for RDI initiatives specifically on sustainability-focused agri-food technologies and innovations, allocating a higher percentage of the Horizon Europe to projects aimed at developing and testing new technologies and innovations for sustainable agriculture, food production, and distribution.

Agri-food systems actors, research institutes and universities, Member States, and the European Commission should work towards establishing and strengthening public-private partnerships between research institutions and the private sector to generate investment, facilitate knowledge exchange and collaboration in developing cutting-edge solutions for the agri-food sector, ensuring adequate public funds are dedicated to basic research. They should also support the development of networks of organizations, communities, enterprises, and individuals within which improvements are generated and spread. For all these initiatives, the multi-actor approach will help creating opportunities for co-learning and collective action that support the sustainable transitions. To that end, the European Commission should introduce public-private partnerships in cluster 6 of the Horizon Europe programme.

Next to the recommendations on the use of excising knowledge, the strategic dialogue points the European Commission to the importance of developing new knowledge, innovation and technology to keep the agrifood sector in Europe competitive and support the transition to sustainable practices, such as those mentioned in this report (see sections C.2.2.2., C, 2.2.3, C2.3.1,

C.3.2.1, and C.3.2.2.). It therefore recommends earmarking significant portions of suitable funds, like LIFE, DIGITAL and Horizon, specifically for these goals.

5.3. Streamlining regulatory procedures for the access to market of new technologies and innovations

Currently, the evaluation and market approval of some new technologies and innovations in the EU is sometimes an issue. Streamlining and accelerating EU administrative and regulatory processes and procedures of agri-food innovations is needed, maintaining a robust and comprehensive risk assessment based on the precautionary principle. Securing a healthy and sustainable food system for the future in Europe requires us to marry sustainable innovation with the promotion and preservation of our positive culinary heritage.

To achieve this,

1. the European Commission, the Member States, and the European Parliament, together with EFSA, should work together to identify faster regulatory pathways for innovative products and processes clearly focused on increased sustainability, while respecting the need for robust risk assessment.

2. The European Commission and Member States, moreover, should aim to harmonize standards and certification processes across EU Member States to reduce barriers to market entry for innovative agri-food products and technologies, ensuring a level playing field, enabling seamless adoption and scaling across different regions.

5.4. Using the opportunities of digitalization in a responsible manner

Food systems are becoming increasingly digital. Today, in parts of Europe, crops, animals, or trucks are more and more monitored by smart sensors, satellites, drones, and machinery equipped with GPS and cameras. The result is a wealth of data with unprecedented potential to support smarter decisions by businesses or consumers, to trace food integrity, and to support public decision-making by governments.

The shift towards digitalization transcends mere technological advancements; it entails profound social, cultural, economic, and institutional changes. Data utilization can offer significant benefits and support the benchmarking system (see C.1.2) and data exchange in the agri-food systems. It also raises concerns about fairness, quality and privacy. Hence, robust data governance frameworks and their proper implementation are essential.

To promote digitalization in agri-food systems, the European Commission and Member States should prioritize and work towards a transparent data governance model with clear rules on data ownership, interoperability and ethical use, aiming at fair and secure use of data for the benefit of all, taking into account legal and ethical aspects. Investments in digital infrastructure should be accelerated, ensuring a good coverage of high-speed internet connectivity in all (rural) areas across Europe, including maximizing the roll-out of broadband networks (see C.4.4.). Incentives, e.g. within the CAP framework, are needed for the adoption of precision agriculture technologies, including IoT sensors, drones, AI, and satellite imagery, thereby improving resource efficiency and crop management. This must go hand in hand with sufficient funding for research,

development and application of data acquisition, interpretation and development of relevant algorithms and AI tools.

The European Commission and Member States should also provide life-long training in digital skills, literacy and information on digitalization for farmers and workers in food systems in general, paying special attention to availability in rural areas. Overall robust monitoring and evaluation mechanisms need to be established to assess the impact of digitalization initiatives in the agri-food sector. Data on adoption rates, productivity gains, environmental outcomes, and socio-economic results should be collected to inform future policy decisions.

5.5. Social Innovation as an enabler of sustainable farming

Many challenges in the agri-food systems mentioned in different parts of this report (e.g. generation renewal, rural exodus, need for decent income, food insecurity, environmental degradation, lack of infrastructure and services in rural areas) will find some solution in “social innovations”. Those innovations come from grassroot initiatives, often based on collective and local approaches, to address unsolved problems. For example, many groups of small farmers have developed collective tools to sell their products directly to consumers using internet marketing and social media or have gathered to organize the preservation of local plants and animals, sometimes with the support of scientific teams. Crowdfunding, collective cultural and artistic projects, as well as locally organized food assistance schemes for lower-income consumers are further examples.

All those initiatives to improve the food system need to be better acknowledged in public policies, also in financial terms, and good experiences and best practices need to be more widely shared. Barriers to social innovation, including the legal status of rural project holders and access to public finances, need to be further investigated.

CONCLUSION

Announced by the President of the European Commission in her State of the Union Address on September 13th 2023 and launched in Brussels on January 25th 2024, the Strategic Dialogue on the Future of EU Agriculture, has added a new, unaccustomed format to the participation procedures at EU level. In an intensive dialogue process, stakeholders with different, sometimes opposing vested interests jointly negotiate prospects and pathways for the further development of a particularly important, highly complex and very controversial policy area and recommend their shared perspectives to the EU executive as an orientation for action.

Seen in the light of this paradigmatic innovation, the Strategic Dialogue shows a twofold result. The first is the final report presented here. It is by no means the conclusion of all debates and the answer to all questions. But it is – as all members hope – an important step on the way to economically profitable, environmentally sustainable and socially responsible agriculture, food systems and rural areas in the European Union.

The second result of the Strategic Dialogue is the emergence of a new culture of engagement between the members, which makes it possible to relate and balance the different points of view and interests of the various stakeholders in the entire sector in a way that is more effective than was often the case before. The Strategic Dialogue was characterised by confidentiality, a certain legitimate non-transparency, and above all mutual trust. The latter originates essentially from the ability and willingness of all members to recognise that also counter-positions can be based on reasonable grounds. It builds on the insight that none of the individual positions represented is completely free of contradictions or can promise a solution to all problems on its own. It is easy to predict that further endeavors will be necessary to consolidate trust between the members of the Strategic Dialogue into a better mutual understanding between the organized interest groups that the members mostly represent.

It will be important for the European Commission in its various portfolios, the European Parliament, the Member States of the Union, and the organized interest groups of the agri-food system to adopt the shared considerations and recommendations presented here. They must develop and concretize them further and translate them into bold and swift decisions for the benefit of the EU farming community, food system, and rural areas and ultimately for the benefit of the European society.

ANNEX

1. Mandate

STRATEGIC DIALOGUE ON AGRICULTURE

In her 2023 State of the Union, European Commission President von der Leyen said:

"We must work together with the men and women in farming to tackle these new challenges. That is the only way to secure the supply of food for the future.

We need more dialogue and less polarisation. That is why we want to launch a strategic dialogue on the future of agriculture in the EU.

I am and remain convinced that agriculture and protection of the natural world can go hand in hand. We need both."

Further details on the scope of the European Commission's Strategic Dialogue were set out in President von der Leyen's opening speech of the EU Agri-Food Days on 6 December. Based on contacts with stakeholders in previous months, the following questions require particular attention:

1. **How can our farmers, and the rural communities they live in, be given a better perspective, including a fair standard of living?**

For example: attracting young farmers and other new entrants into farming, supporting diversified farm types, rural economies and new (bio-based) business models to enhance income security and making rural areas more attractive.

2. **How can agriculture be supported within the boundaries of our planet and its ecosystem?**

For example: adaptation of agriculture to climate change (e.g. droughts, floods), carbon sequestration in agriculture and agroforestry systems, mitigation of GHG emissions in agriculture, sustainable use of natural resources such as water, soil, air, biodiversity, One Health, and animal welfare within productive agricultural systems.

3. **How can better use be made of the immense opportunities offered by knowledge and technological innovation?**

For example: supporting, scaling-up and rolling-out innovation on farms (farm advice, agricultural knowledge and innovation systems), ranging from agroecological practices, to new genomic techniques, biotechnology, circular sourcing or digital technologies (e.g. precision farming).

4. **How can a bright and thriving future for Europe's food system be promoted in a competitive world?**

For example: ensuring food safety, food availability, food affordability, as well as sustainability and resilience of the food value chain, from input provision and primary production (be it big or small farms), to food processing, trade, retailing, marketing, consumption and food waste; changing consumer preferences. International competitiveness of EU agri-food sector.

The Strategic Dialogue group, comprising the Chair and a group of appointed participants, is mandated to reply to these and other related questions, in plenary and in working groups, in view of a balanced and representative discussion. in view of identifying recommendations. The Chair will submit a report to the President of the Commission by August 2024.

2. Members of the Strategic Dialogue on the Future of EU Agriculture

Members		Function
Peter	**Strohschneider**	Special Adviser to the President of the European Commission, Chair
Leo	**Alders**	President, Fertilizers Europe
Lili	**Balogh**	President, Agroecology Europe
Faustine	**Bas-Defossez**	Director, European Environmental Bureau
Kristjan	**Bragason**	General Secretary, European Federation of Food, Agriculture and Tourism Trade Unions
Ariel	**Brunner**	Regional Director, Bird Life Europe & Central Asia
Marco	**Contiero**	Policy Director, Greenpeace Europe
Christel	**Delberghe**	Director General, Eurocommerce
Thierry	**de L'Escaille**	Executive President, European Landowners' Organization
Michael	**Gohn**	President, Euroseeds
Monique	**Goyens**	Director General, BEUC The European Consumer Organisation
Thibaut	**Guignard**	President, European LEADER Association for Rural Development
Nelli	**Hajdu**	General Secretary, European Liaison Committee for Agricultural and Agri-Food Trade
Sjoukje	**Heimovaara**	President of the Executive Board, Wageningen University and Research
Dirk	**Jacobs**	Director General, FoodDrinkEurope

Members		Function
Christiane	**Lambert**	President, COPA Committee of Professional Agricultural Organisations
Joseph	**Lechner**	President, Geopa-COPA Employers' Group of Professional Agricultural Organisations
Philip	**Lymbery**	President, Eurogroup for Animals
Peter	**Meedendorp**	President, CEJA European Council of Young Farmers
Marta	**Messa**	General Secretary, Slow Food
Lennart	**Nilsson**	President, OGECA General Confederation of Agricultural Cooperatives
Spyros	**Papadatos**	General Secretary, Rural Youth Europe
Jan	**Plagge**	President, IFOAM Organics Europe
Rocco	**Renaldi**	General Secretary, FoodServiceEurope
Claire	**Skentelbery**	Director General, EuropaBio
Geneviève	**Savigny**	European Coordination Via Campensina
Nina	**Schindler**	Chief Executive Officer of the European Association of Cooperative Banks
Uno	**Svedin**	President, EURAGRI
Jacques	**Vandenschrik**	Honorary President, European Food Banks Federation
Gelsomina	**Vigliotti**	Vice-President, European Investment Bank

3. Rules of Procedure

1. Objectives

(1) The Strategic dialogue aims at bringing together in a group a selection of stakeholders that is balanced and representative of different interests, reflecting the richness and diversity of all segments of the agri-food chain and rural areas and to work on results as set out in the Mandate.

2. Participants

(2) The group is composed of a Chair and 29 members.

(3) The Strategic Dialogue is chaired by Prof. Dr. Peter Strohschneider.

(4) Membership of the group is a personal, non-transferable honorary office. In duly justified exceptional cases, a member may be represented by a substitute with the prior consent of the Chair.

(5) The Chair may invite other individuals, organisations and public entities with specific expertise with respect to a subject matter on the agenda to take part in the work of the group or working groups on an ad hoc basis, not as regular members.

(6) Members may declare their resignation in writing to the Chair at any time.

3. Tasks

(1) The group will discuss the topics identified in the Mandate and other relevant questions in view of proposing recommendations on the future of agriculture in the EU.

(2) The group will be taking into account views and inputs received via a targeted consultation and ad hoc debates on questions relevant to the Dialogue organised within the Commission's Expert Groups.

(3) The Chair will keep the Council and European Parliament regularly informed on the work and the discussions within the group.

(4) The Chair will prepare a final report with recommendations and submit it to the President of the Commission.

4. Operations

(1) The Chair coordinates the work internally, determines the time and place of meetings and sets the agenda.

(2) The agenda and any consultation documents are to be sent to members no later than one week before the date of a meeting. Requests for amendments to the agenda shall be submitted to the Chair at least three days before the date of a meeting.

(3) At the proposal of the Chair, the group may establish working groups that shall report every time to the plenary. The meeting of working groups can also take place in an online format. Members of the group may decide on a voluntary basis to join working groups, taking into account the need for balanced discussions and to represent different perspectives/opinions in each working group. Each working group will nominate a moderator.

(4) For organisational support, a supporting team consisting of Commission officials will be appointed by the Chair.

(5) The staff of the Commission services will attend the meetings with the status of observers. They may be permitted by the Chair to take part in the discussions and provide expertise. They shall not participate in the formulation of recommendations or advice.

(6) Minutes on the discussion in plenary shall be drafted by the support team under the responsibility of the Chair and distributed to the participants in advance of the next meeting.

5. Professional secrecy and handling of information

The deliberations of the dialogue are confidential. Only the chair will communicate about its deliberations before the final report is made public.

The members of the group, as well as invited experts and observers, are subject to the obligation of professional secrecy, which by virtue of the Treaties and the rules implementing them applies to all members of the institutions and their staff, as well as to the Commission's rules on security regarding the protection of Union classified information, laid down in Commission Decisions (EU, Euratom) 2015/4434 and 2015/4445. Should they fail to respect these obligations, the Commission in agreement with the Chair may take all appropriate measures.

6. Meeting expenses

Participants in the activities of the group shall not be remunerated for the services they offer, nor for travel and subsistence expenses incurred by participants in the activities of the group.

4. Timetable of the Strategic Dialogue on the Future of EU Agriculture

25 January 2024	Kick-off meeting with President Ursula von der Leyen
11-12 March 2024	Second plenary meeting
22-23 April 2024	Third plenary meeting
20-21 June 2024	Fourth plenary meeting Exchange with President Ursula von der Leyen
9-10 July 2024	Fifth plenary meeting
22-23 July 2024	Sixth plenary meeting
27-29 August 2024	Seventh plenary meeting
Exchanges with science	
22 April 2024	Mini symposium with scientific contributions from Gianluca Brunori, University of Pisa Jean Christophe Bureau, University Paris-Saclay Krijn Poppe, Economist Elin Röös, Swedish University of Agricultural Sciences
9 July 2024	Technical workshop with scientific contributions from Quentin Chancé, University of Nantes Koen Deconinck, Organisation for Economic Co-operation and Development Jean-François Hocquette, French National Research Institute for Agriculture, Food and the Environment Johan Swinnen, International Food Policy Research Institute Hannah van Zanten, Wageningen University and Research

Exchanges with EU consultative bodies	
23 April 2024	Exchange of the Chair with a delegation of the Economic and Social Committee. List of recent reports on agriculture and food systems shared with the SD members.
14 June 2024	Exchange of the Chair with the Committee of the Regions (NAT Commit-tee)

5. European Investment Bank Group[01] contribution to the final report

The EIB Group is committed to helping make the entire agricultural and bioeconomy[01] value chain more resistant to the multiple challenges it faces. Through its lending and advisory activity, it supports global and EU food security, but also climate action, the preservation of ecosystems and biodiversity, both upstream and downstream activities including processing industries and retail, as well as innovation.

The EIB has a significant track record and project portfolio in the sector (consult EIB recent lending and advising activity).[02] During the past decade, EIB's annual financing to the sector stood approximately at EUR 5bn, with about EUR 4bn of this amount inside the EU. Over two thirds of this financing have been directed to SMEs through intermediated financing products, with the remainder provided directly to larger private and public borrowers. In addition, the EIB provided advisory services in support to the European Commission, Member States and promoters on the designing and using of financial instruments to increase available financing and support the development and the scaling up of innovative companies or technologies. The Climate Action and Environmental Sustainability content of the EIB financing has steadily increased over the past few years, reaching more than 60% of direct lending in 2023.

The EIF has supported the agri-food sectors through (i) guarantee products, primarily leveraging on EAFRD, national or regional funding, in amount of EUR 3.5 bn of total leveraged lending to final recipients over the last 7 years; additional financing capacity is also available under the InvestEU programme and (ii) equity investments through its venture capital activities supporting specialised agrifood tech VC funds with committed capital of EUR 420 million to mobilise total of EUR 1.6 billion.

Proposed way forward

Recognising the importance of the sector and criticality of an EU-level response, the EIB Group has identified the support to Agriculture and Bioeconomy as one of its key priorities under its 2024-2027 Strategic Roadmap.

Leveraging its expertise in the sector and its wide range of financing and advisory instruments the EIB Group aims to step up its support for the agricultural value chain to help meet its diverse needs. This would in turn reinforce resilience, progress towards more innovative, efficient and sustainable value chains and support local communities.

01 The European Investments Bank Group (EIB Group) includes the European Investment Bank (EIB) and the European Investment Fund (EIF).

01 The bio-economy, as per EC definition, comprises those parts of the economy that use renewable biological resources (biomass) from land and sea - such as crops, forests, fish, animals and micro-organisms - to produce food, materials and energy. The bio-economy also encompasses related RDI as key enabler, with circular economy and related public goods (including biodiversity and ecosystems) as cross-cutting aspects.

02 www.eib.org/en/projects/index

To this end, EIB Group support will be structured along different products[03], each of them addressing the needs of different counterparty types and/or parts of the agriculture and bio-economy value chain[04]. To maximise reach and impact, some of the proposed actions may require additional resources, either form the EU budget or from Member States, to allow for enhanced risk taking and accelerated investments. The EIB Group will engage with relevant stakeholders to ensure complementarity with existing funding sources and instruments and to maximise the efficiency of its product suite.

1. **EIB lending envelope for intermediaries of up to EUR 3bn (for the period 2024- 2027)** focusing on priority areas such as young and new farmers, gender diversity, as well as climate and environmental sustainability.

The lending envelope could also benefit from:

- targeted **advisory support** particularly to the above components and with a focus on climate and environmental sustainability.

- In addition, the impact and reach of the lending envelope could be further reinforced with additional resources, in particular allowing for: **additional guarantee capacity for derisking lending to farmers** and **increasing financing flows and blending with either national or EU grants**, where available.

2. **A Venture Debt programme,** possibly under InvestEU or a new mandate leveraging on CAP resources for (a) technology companies along the agricultural value chain, as well as (b) development of payment for ecosystem services (PES)[05] and (c) the upscale of sustainable biofuel and biomaterial technologies (e.g., relating to bio-methane, second generation biofuel or natural biomaterial projects substituting fossil resources). The EIB, in close collaboration with the EC and the Joint Circular Bioeconomy Joint Undertaking is already conducting a study to explore potential avenues to further accelerate and facilitate investments in the bioeconomy space. It has also conducted an advisory assignment on Nature Based Solutions and Forestry that could serve as a basis for designing innovative products to support PES schemes potentially developed under EC or EU Member states' mandates.

3. **EIF Programmes: (i) Guarantees scheme:** possibly under InvestEU or a dedicated Agricultural envelope funded with EC that would incentivize Member States to leverage their EAFRD and/or national resources under the CAP Strategic Plans. Blended instruments could then be designed by EIBG and added to such scheme. (ii) a **Private Equity programme**, possibly under InvestEU or a new mandate leveraging on CAP resources, to back European fund managers that target European innovative technologies and solutions for the Future of Food (agritech, foodtech and blue economy), and to attract private investors to the sector.

03 Deployment of EIB financing and advisory solutions will be subject to assessment and approval by its governing bodies, as relevant.

04 The value chain concept is aligned with the approach taken in the Farm to Fork and Bioeconomy Strategies to respond to the issues of the bioeconomy sector in a holistic all-encompassing way. It includes the primary agriculture and forestry sector, its supply and downstream primary processing, logistics and retail industries.

05 Payment for Ecosystem Services refers to a variety of private or public arrangements through which beneficiaries of environmental services that can be ranging from watershed protection and forest conservation to carbon sequestration or landscape beauty, provide financial incentives to actors whose lands provide these services.

4. **A dedicated Lending Envelope for medium-sized and large counterparts**, possibly including cooperatives and other farmer organisations. Building on its experience in direct operations in the sector and leveraging on InvestEU or other instruments linked to the Common Agriculture Policy – the EIB could broaden the scope of action, in particular by including high-risk joint public-private infrastructure schemes such as those promoted by irrigation communities, associations for dam and dike maintenance or forestry maintenance entities which have traditionally faced significant restrictions in access to credit.

5. **The EIB will explore forms of support to agricultural insurance schemes and/or other de-risking schemes** for climate adaptation of agricultural systems. This could contribute to establishing an integrated product offering for the sector.

6. **Finally, the EIB will aim at reinforcing its support to infrastructures and capacities in rural areas**, such as road and information networks, education, and agricultural water management related investments in close link to the broader **EIB Water Programme**. This is expected to yield significant positive results for the agri-sector, by focusing on rural development and addressing water scarcity and flood resilience.

6. Synthesis of the targeted consultation

In the context of the Strategic Dialogue, with the aim to enrich the ongoing work of the members, the Chair of the Dialogue invited additional stakeholders to submit their views via a targeted consultation. The invitation to participate was addressed to a large variety of EU-level umbrella organisations based on their sectoral and thematic expertise in the EU agri-food system and a presence in relevant EU-level policy fora. The Chair asked their views on the four specific questions which guided the work of the Strategic Dialogue:

- How can farmers, and the rural communities they live in, be given a better perspective, including a fair standard of living?
- How can agriculture be supported within the boundaries of our planet and its ecosystem?
- How can better use be made of the immense opportunities offered by knowledge and technological innovation?
- How can a bright and thriving future for Europe's food system be promoted in a competitive world?

The following factual summary and synthesis report were presented to the members of the Dialogue for their consideration.

Factual summary

The below table gives an overview of the number of submissions received, clustered by stakeholder category.

CATEGORY	
Farming organisations	12
Agricultural trade organisations	3
Agricultural input organisations	13
Food processing and manufacturing	12
Retail and wholesale	2
NGOs (Non-Governmental Organisations)	12
Multi-stakeholder coalitions	6
Other (textiles, services, infrastructure, logistics, innovation)	12
Total submissions	**72**

Synthesis report

Question 1: How can farmers, and the rural communities they live in, be given a better perspective, including a fair standard of living?

Participants to the targeted consultation welcome the launch of the Strategic Dialogue and recognise the need to strengthen dialogue and cooperation between institutions and stakeholders and between stakeholders. The nature of the consultation participants and their demands (across a large variety of sectors and farming models) also show the high diversity and heterogeneity that characterises European agriculture.

There is a wide recognition about certain economic challenges which put pressure on the economic viability of the farming sector: global competition to the farmers is seen by many stakeholders as a key challenge which affects their income and standard of living; at the same time, regulatory pressure and high administrative burden is seen as a factor that not only affects the competitiveness of the holdings but even puts into question their longterm subsistence. A large share of the stakeholders also put the focus on the unbalanced power within the food value chain and the weak position of the farming community vis-a-vis the other players. Furthermore, general messages are shared concerning the growing risks and uncertainties in a context where primary producers are facing increasing costs.

The policy responses raised cover a large scope of areas, from ideas related to the Common Agricultural Policy (CAP) to more market-based solutions.

Regarding the CAP, there are many calls for a higher budget (adapted to inflation) and for better ways to distribute the support in a more targeted way, in particular with a focus to the small farmers. At the same time, there are also calls to preserve Common Market Organisation (CMO) measures, including for more active actions to better manage the markets. In that context, many stakeholders ask for better targeted crisis management tools adapted to the current economic context.

The participants also call for measures to rebalance the power within the food chain and, in particular, there are demands for more action to fight Unfair Trading Practices (UTPs). At the same time, while some stakeholders insist on the importance to guarantee the functioning of the markets, others call for more regulatory action to guarantee better prices for primary producers.

Other solutions proposed put the focus of attention on the excessive administrative burden and the need to reduce the regulatory and administrative costs to the farming community. There are also calls for better exploring additional income sources, promote diversification, increase added value (i.e. quality products), and foster new business models such as carbon farming.

Many stakeholders insist on the key role of cooperation, as a solution to optimise costs and better manage supply. In that context, there are many calls to increase the role of producers' organizations and their operational programmes as well as exploring new emerging business models and private-public partnerships to facilitate the access to new technologies.

Last but not least, there is a wide recognition of farming as a backbone of the rural communities and a strong need to support the development of rural areas. According to some participants, these territories require specific action regarding infrastructures, basic services and the promotion

of the diversification of the economic activity. Some stakeholders also highlight the key role that specific products (i.e. geographical indicators) and business models (short-supply chains) can play in guaranteeing the economic dynamism in these territories.

Question 2: How can agriculture be supported within the boundaries of our planet and its ecosystem?

There is broad recognition among stakeholders that the agri-food sector needs to become more sustainable. Several of them underline the importance of improved environmental sustainability to ensure food security and economic profitability.

Regarding the governance of the sustainability transition, stakeholders emphasise the need for holistic, coherent, whole-of-food-system approaches that also take into account local and sectoral specificities. The benefits of enabling regulatory frameworks are highlighted repeatedly, just as the desire to strengthen cooperation and dialogue among stakeholders and with policy institutions. In addition, the need for more and better data on the sector's sustainability, to be integrated with consistent metrics and clear indicators, as well as for close monitoring and regular evaluations of agri-food actors' sustainability performance is underlined.

In general, stakeholders call to promote the shift to more sustainable farming practices and systems. The most frequently referenced examples are organic, agroecology, agroforestry, and regenerative agriculture. Many stakeholders point out that farmers should be adequately rewarded for more sustainable practices. Special emphasis is placed on the livestock sector that many stakeholders identify as the area where emissions and pollution reduction are most urgent. In that regard, the need for better animal welfare and the importance of the One Health approach are underlined.

Three sustainability outcomes are specifically mentioned by consultation participants. This includes improved water resilience through better infrastructure and water use and retention management. It also includes bolstering circularity by reducing food loss and waste and using byproducts for the bioeconomy. Lastly, the need to protect and restore soil health is frequently referred to.

In terms of concrete instruments, some stakeholders refer to promoting short supply chains, redirecting harmful subsidies, or using price mechanisms such as an Emissions Trading System (ETS). Leveraging the potential of technological innovation, including plant breeding, biological pest control, green fertilisers, and alternative proteins, is frequently mentioned by the consultation participants. Many call for more investment in research and innovation.

Beyond the farm level, some consultation participants emphasise that energy and emissions efficiency in the logistics of the rest of the supply chain should be improved. Several stakeholders also refer to the importance of demand side policies, notably a dietary shift to more plant-based products by diversifying protein production and consumption and incentivising sustainable consumer choices.

Lastly, many stakeholders underline that agri-food actors and farmers need to be supported in the sustainability transition, both administratively and financially. Attention ought to be paid to the potential costs and administrative burdens of strict regulations.

Question 3: How can better use be made of the immense opportunities offered by knowledge and technological innovation?

The contributions can be thematically clustered around three central aspects: research and development (R&D) of innovation; uptake of and access to technologies; societal acceptance of innovation.

Concerning R&D, several stakeholders stress the need for an enabling regulatory framework to encourage innovation, including a clear, longterm vision and more efficient authorisation processes. At the same time, some stakeholders also warn that any technology entering the market must be safe and that risks need to be thoroughly assessed in advance. In addition, increased funding for R&D, from both public and private sources, is frequently mentioned by stakeholders. Lastly, some stakeholders call for more strategic public-private partnerships to accelerate and more efficiently target innovation processes.

Regarding the uptake of innovation and technology, the need for derisking investments in innovation is emphasised, including through risk-sharing mechanisms and financial incentives. Several stakeholders also point out the need for capacity and skill building to enable the use of technologies. Frequently mentioned tools are knowledge sharing through peer networks and high-quality advisory structures. The importance of applied innovation, co-developed with the end users, is underlined. Stakeholders frequently stress the need to make innovation accessible, especially to small-scale producers, and draw attention to the significant role of improved digital infrastructure in rural areas to enable this.

Societal acceptance of innovation is a further mentioned issue. Some stakeholders call for information and education programmes to raise awareness of the potential benefits of innovation among consumers.

When it comes to concrete (technological) innovations, the most frequently mentioned tools are digital tools, including artificial intelligence, and biotechnology, including biocontrol, alternative proteins (precision fermentation, cultivated, plant-based), and new genomic techniques (NGTs). Stakeholders' positions on these vary from calls for faster approval to more hesitant reminders of the potential safety risks of these technologies, including dependencies, and objections to certain specific technologies. Lastly, some stakeholders point out that not only innovation, but also existing, traditional knowledge, needs to be mobilised.

Regarding the overall approach to technology and innovation, some stakeholders stress that it should not be regarded as a "silver bullet" solution but be treated as complementary to more systemic transformations of agriculture and the food system. Some also underline that innovation need not always be technical, and that the role of social innovation needs to be considered.

Question 4: How can a bright and thriving future for Europe's food system be promoted in a competitive world?

Consulted stakeholders express their views on the agri-food sector's competitiveness, as well as the EU's global trade policy.

Many stakeholders underline the strategic role of sustainability in both domestic agri-food production and trade relations. They underline that the EU's leadership role in product quality, culinary heritage, and sustainability should be further promoted as an important competitive advantage. However, several participants also point out that the sector will require sufficient

support for the sustainability transition to ensure that transition costs do not become a competitive disadvantage. Some call for more flexible environmental regulation in that regard.

Stakeholders also identify perceived threats to the EU's competitiveness. Frequently mentioned factors include higher production costs in Europe, especially energy; the fear of falling behind in the innovation race and the need to streamline authorisation processes and invest more in research and development; insufficient funding in new and resilient infrastructure; the fragmentation of the Single Market; and comparatively high bureaucratic requirements that create additional costs.

Regarding the EU's global trade policy, stakeholders express a diversity of views: these range from eager trade openness (underlining the importance of free trade and better market access for EU producers and warning of protectionist tendencies), over more prudent approaches (emphasising the need to protect agri-food production from trade disputes, preventing production relocation and reducing import dependencies), to protective perspectives (calling for excluding agri-food from free trade agreements and focusing on local and regional production). However, most consultation participants underline the importance of a global level playing field and demand more action to ensure the equivalent standards for agri-food imports, including on labour, sustainability, and animal welfare conditions. Several stakeholders emphasise the role of the EU to promote the global harmonisation of production and marketing standards. A few consultation participants urge the EU to also consider and avoid the potential negative impacts that EU domestic production and trade can have on third countries and their agri-food sectors.

7. Abbreviations

AgETS	Agriculture Emission Trading System
AI	Artificial Intelligence
AJTF	Agri-food Just Transition Fund
AKIS	Agricultural Knowledge and Innovation Systems
AMR	Antimicrobial resistance
APO	Association of Producer Organisations
AWL	Animal Welfare Labelling Scheme
CAP	Common Agriculture Policy
CBAM	Carbon Border Adjustment Mechanism
CDG	Civil Dialogue Group
CDRD	Corporate Sustainability Reporting Directive
CER	Critical Entities Resilience
CMO	Common Market Organisation
CO2	Carbon dioxide
CRC	Carbon Removals Certification
CSA	Community Supported Agriculture
CSDD	Corporate sustainability and due diligence
DIGITAL	Digital Europe Programme
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EBAF	European Board on Agri-food
EFSA	European Food Safety Authority
EIB	European Investment Bank
EIBG	European Investment Bank Group

ERDF	European Regional Development Fund
ESF+	European Social Fund Plus
ESRS	European Sustainability Reporting Standards
ETS	Emissions Trading System
EU	European Union
FAO	Food and Agriculture Organisation
FADN	Farm Accountancy Data Network
FBDG	Food-based Dietary Guidelines
FSDN	Farm Sustainability Data Network
FTA	Free Trade Agreement
GAEC	Good Agricultural and Environmental Conditions
GATT	General Agreement on Tariffs and Trade
GHG	Greenhouse gas
ILO	International Labour Organisation
IPCC	Intergovernmental Panel on Climate Change
ITPGRFA	International Treaty on Plant Genetic Resources for Food and Agriculture
LEADER	Liaison Entre Actions de Développement de l'Economie Rurale
LGBTQIA+	Lesbian, gay, bisexual, transgender, queer, intersex, asexual and plus
LIFE	Programme for the Environment and Climate Action (L'instrument financier pour l'environnement)
NGO	Non-governmental organisation
NGTs	New Genomic Techniques
OECD	Organisation for Economic Cooperation and Development
OHCHR	Office of the High Commissioner for Human Rights
OIE	World Organisation for Animal Health (Office International des Epizooties)
PGS	Participatory Guarantee Systems
POs	Producer Organisations

PPP	Plant protection products
PRM	Plant reproductive material
SAPEA	Science Advice for Policy by European Academies
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprise
TFEU	Treaty on the Functioning of the European Union
UNCTAD	United Nations Conference on Trade and Development
UTPs	Unfair Trade Practices
VAT	Value Added Tax
WTO	World Trade Organisation