

**S&D**

Group of the Progressive Alliance of  
**Socialists & Democrats**  
in the European Parliament



# **Position Paper on the post-2027 Common Agricultural Policy and the Future of Agriculture and Food**

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## Introduction

Agriculture is not only a society's most important and strategic sector but also the cradle of civilisation and the guarantor of food security and political stability. The ability to produce sufficient, high quality and affordable food is also central to the EU's strategic autonomy and resilience. The Common Agricultural Policy (CAP), established in 1962, and anchored in Article 39 of TFEU, is a cornerstone of European integration serving as a vital tool in supporting agricultural productivity, ensuring fair standards of living for farmers, and stabilising markets. Its contribution to providing affordable food for citizens across the Union and strengthening rural cohesion has never been more essential.

Today, European agriculture is confronted with a convergence of successive and overlapping crises, including mounting geopolitical and economic uncertainties, the increasing frequency of extreme weather events, the climate and biodiversity crises, inflationary pressures, and a decline in both farmers and farms. Farmers are the first victims of these multiple and mounting crises, often having to shoulder the burdens while most of them are rarely reaping the benefits. At the same time, farmers are also vital in contributing to driving the transition towards a fairer, more resilient, and sustainable farming model. Their incomes and those of agricultural workers continue to lag behind national averages. The 2024 EU-wide farmers protests were a sharp reminder that without farmers, there is neither food security nor a sustainable future.

To transform the challenges into opportunities, the next CAP must offer tailored, targeted, and simplified support, while shifting from control-based oversight to a trust-based partnership and better balancing between obligations and incentives. Yet, simplification must not result in deregulation. Support to active farmers, especially young people, women, and those in remote or disadvantaged areas, should be prioritised. Income support must remain a central feature of the policy, accompanied by capping and degressivity and a gradual shift away from the area-based payment model, while sustainability schemes and rural development tools should be equipped with greater funding and flexibility. Moreover, social conditionality and fair working conditions must be embedded across CAP instruments, recognising the dignity of all those who contribute to the EU food system.

Preserving the two-pillar structure is vital to maintaining the integrity and commonality of the CAP. A reinforced crisis reserve, as well as complementary instruments, such as a dedicated Just Transition Fund for Agriculture, are essential to guaranteeing the economic viability of farming and generational renewal.

Ultimately, the CAP must embrace a holistic and balanced approach, integrating economic, social and environmental sustainability. It should prioritise food safety, security, and fair incomes, while also investing in rural communities, innovation, and farming practices that contribute to climate mitigation and adaptation, biodiversity protection and animal welfare, in line with the One Health approach and within planetary boundaries. This entails a greater alignment with trade and preparedness strategies,



enhancing Europe's ability to withstand future global disruptions. Levelling the playing field in global trade is pivotal for ensuring fair competition for EU farmers and strengthening the EU's self-sufficiency.

Now is the time to recalibrate the CAP! We call for a stand-alone and efficient CAP with a robust budget commensurate with the challenges, aspirations, and the strategic importance of EU agriculture as provider of food, ecosystem services, and jobs.

## 1. Common Agricultural Policy: a main priority for Europe

The CAP remains one of the most strategic and impactful EU instruments. Yet, despite its crucial role for EU agriculture food security and sovereignty, CAP spending declined to just 0.36% of the EU's GDP in 2023. This is a historic low at a time when demands on European farmers and rural communities are growing, climate-related disasters have cost the EU over €650 billion since 1980, and food inflation continues to impact consumers. European agriculture cannot be expected to transition successfully without adequate and predictable resources. It is therefore critical to adjust the CAP budget to inflation and avoid integration into generic funding streams that could dilute its focus and effectiveness thus negatively affecting the whole agricultural supply chain.

### ***A future CAP budget that matches our ambitions and accompanied by a Just Transition Fund to support the uptake of sustainable practices in agriculture***

The CAP must be re-empowered through a significantly **increased and dedicated budget**. Only with robust funding compared to the current one, can the CAP meet the EU's strategic priorities of improving food security and sovereignty, ensuring a fair standard of living for farmers, enhancing rural vitality, and reaching climate and biodiversity objectives. These objectives cannot be achieved without proper financial backing.

Since 2020, inflation has eroded the real value of the EU budget, including of the CAP funds, resulting in a loss exceeding €85 billion in purchasing power for European farmers. By 2034, this could reach a staggering €250 billion, i.e., over half the policy's total value. Moreover, the automatic 2% deflator set under the current MFF is inadequate given current inflation levels, which have slashed the value of financial allocations across the CAP. To avoid reductions to farmers' support, the CAP budget urgently needs to be **indexed to inflation** through annual re-evaluation.

**We reject that the EU funding is reallocated into a Single Fund.** As clearly stated in the AGRI Committee's Opinion on the next MFF, dismantling the CAP's two-pillar structure and using a single national programming approach would erode the policy's integrity and commonality. Protecting the coherence and interconnection between the two CAP pillars remains therefore vital, while complementarity with cohesion policy, the enlargement strategy, and the competitiveness compass must be strategically enhanced.

**In the event of enlargement**, national envelopes, especially for the CAP, must be protected, while key spending areas such as cohesion and agriculture should be equipped with appropriate transitional and phasing-in measures and based on a thorough assessment of the impacts of future enlargement.

As highlighted by the Strategic Dialogue on the future of EU Agriculture, financing is a key barrier to the transition to more sustainable farming practices. The S&Ds advocate for a **dedicated Just Transition Fund for Agriculture (JTFA), established outside the CAP budget**, and complementary to it, in order to provide the one-off investment support needed to accelerate a fair transition towards sustainable practices and systems in agriculture. A potential source to finance the JTFA could be the Competitiveness Fund with a view to providing targeted support to farmers, including capacity building, to transition to more sustainable practices and systems. The JTFA should be built on robust public investments (through grants, accessible loans, and guarantees) and accompanied by private ones.

The full implementation of Article 349 TFEU, which obliges the Union to adopt specific measures for the **outermost regions**, must be ensured across all policy areas, including agriculture. In this context, it is essential to safeguard and reinforce the POSEI programme within the next MFF, to uphold its objectives and respond effectively to the peculiar needs of these regions. All in all, the next MFF must deliver a strong, strategic CAP budget that matches the scale of the challenges, the responsibilities placed on European agriculture, and the level of ambitions.

### ***Prioritising direct payments for active farmers, small and family farms***

Farming operates under natural and environmental constraints as well as long production cycles making it highly vulnerable to extreme weather events and slow to respond to market demands. At the same time, it is particularly exposed to world commodity prices and unlike other sectors, farmers face significant price volatility and limited control over output. To counter these effects and ensure food security for all citizens, the CAP, through direct payments, contributes to ensuring that safe and sustainable food is produced throughout the EU. **Direct payments provide clear EU added value** by stabilising farmers' incomes, enhancing resilience to market and climate shocks, and ensuring predictability for investment. To continue to deliver, they must remain linked to **conditionality**.

However, these payments should be targeted more effectively, within and among Member States, to the persons actively engaged in agricultural production and the provision of public goods. They must serve those who need support the most. Crucial to this is mandatory **capping** of direct payments at a range between €75,000 and €95,000 per beneficiary. Member States should be given the flexibility to take into account national specificities and the specificity of aggregated forms, such as cooperatives, with the aim of preserving their crucial role in reinforcing the position of farmers in the food chain. Member States should be able to deduct the salaries linked to the agricultural activity of the farmers, including taxes and social contribution. Doing so will allow the

prioritising of support to small and medium-sized farms, young and new farmers, sustainable practices as well as areas with natural constraints. Capping must be accompanied by **degressivity**. It is important to ensure a gradual shift away from area-based payments model. The shares of the other direct payments such as coupled income support (for instance, for grasslands, protein diversification, etc), complementary income support for young farmers, redistributive payments for natural or other area-specific constraints payments should be progressively increased. To better support farmers in the shift towards more sustainable practices, the merging of agri-environmental measures with eco-schemes should be explored in the next CAP, with the aim of substantially increasing the environmental ambition as a key tool to reward farmers for their sustainability efforts. The next CAP budget should strengthen its commitment in this regard, reaching a budget share of no less than 30%.

### ***Simplifying the CAP governance and increasing stakeholder participation in decision-making***

While a certain level of administrative oversight is needed to ensure that public funds reach the intended recipients and requirements are met, the CAP governance must be simplified to reduce excessive or redundant administrative rules burdening, in particular, small and medium-sized farms. However, simplification should not lead to deregulation, as upholding a strong regulatory framework at EU level is vital for preserving the commonality of the policy and the public support for a robust financial framework. **Simplification** must serve as a tool to effective implementation, transparency and accessibility. Funding, particularly through increased use of simplified cost options, must become more accessible in order to support small-scale projects and young farmers. Furthermore, we call on the Commission and Member States to ensure greater transparency in the allocation of direct payments identifying interconnected and final beneficiaries.

The effective application of the principle of **subsidiarity** in the next programming period must be ensured by promoting and ensuring the participation of local and regional authorities in defining CAP priorities and national strategic plans.

Increased participation of stakeholders, in particular farmers, cooperatives, rural organisations, in policymaking and at all governance levels will improve the legitimacy and responsiveness of the CAP. A more democratic and inclusive decision-making framework, including civil society actors, must ensure that those who live and work in rural communities have a real voice in shaping the policies that affect their lives.

## **2. A new social pact for farmers, workers, consumers and rural areas**

A fair transition in agriculture must begin by ensuring fair incomes and decent working conditions. All farmers across the EU, deserve fair and stable prices that cover their production costs and reflect the social and environmental value of their work. Farm workers are entitled to safe workplaces and fair wages. No transition can be fair if it leaves behind those who feed society.

## ***Ensuring fair prices and income for farmers***

Farmers are at the heart of the food system, yet many receive an income significantly below the EU average, often leaving them economically vulnerable. The lack of adequate remuneration for their work, coupled with multiple uncertainties and costs inherent to agriculture often discourage young people, women, and new entrants from joining the sector.

Selling below the cost of production must be prohibited, and farmers must receive a fair share of the added value generated in the food supply chain. We therefore call for targeted policy interventions to **guarantee fair prices**, improve market transparency, and support for short supply chains that allow farmers to **retain a higher share of the value**. Strengthening producer organisations and cooperatives, alongside eliminating unfair commercial practices are essential to enhancing farmers' negotiating position and **rebalancing power in the food supply chain**.

Farmers should have the opportunity to secure **diversified income streams**. The future CAP should actively support this by encouraging activities such as on-farm processing, non-food applications (e.g. textiles) agritourism, sustainable energy production and environmental services (e.g. carbon farming). These alternative sources of income can strengthen rural economies, contribute to sustainability goals, and bring added value to farming communities. However, they must complement, not replace, fair and stable remuneration for food production, which remains the core of farmers' work.

## ***Fair Fields, Fair Work: advancing social rights in EU agriculture***

Agricultural workers are the backbone of Europe's food system, yet their rights are too often neglected. A significant achievement of our political Group has been the long-overdue inclusion of social conditionality in the CAP - 60 years after its inception. But despite this progress, far too many farm workers still face seasonal labour precariousness, exploitation, poor housing, and inadequate access to social protection. This injustice must be addressed with unwavering political will. **Social justice** must become a core priority of the post-2027 CAP by reinforcing social conditionality, ensuring that rules on binding minimum standards on wages, working conditions, and access to basic rights (social security, healthcare, paid leave, and safe accommodation) are respected. These standards must align with the European Pillar of Social Rights and apply equally to EU and migrant workers.

To ensure proper **enforcement**, Member States must strengthen labour inspections with adequate resources and clear guidelines, supported by a harmonised EU framework for monitoring, reporting, and applying effective sanctions, including suspension of CAP payments in cases of serious non-compliance. The *ex-post* sanctioning mechanism at EU level should be completed by introducing *ex-ante* elements to make sure that those who access CAP funding respect labour legislation and workers' rights.

The CAP must also promote **social dialogue** and support collective bargaining, particularly where workers' organisations are underrepresented. National or regional advisory bodies involving both workers and employers could improve implementation and foster fairer labour practices. Finally, EU funding should support farmers in meeting social requirements, through investments in decent housing, training in fair employment practices, and legal support for seasonal and mobile workers. A fair and socially responsible CAP must guarantee dignity and rights for all who contribute to our food system.

### ***Stronger Together: empowering farmers through knowledge and cooperation***

The future CAP should promote collaboration through well-structured **farm advisory systems and lifelong learning opportunities**, tailored to the diverse realities of farming across the EU. Training should focus on practical, hands-on support in areas such as business management, agroecology, animal welfare, sustainable management of soil, water and inputs; digital innovation; sustainable renewable energy use on farms; and circular economy models. Special attention must be given to the needs of small-scale and family farmers to ensure no one is left behind.

Farmers must be empowered as key agents of the green transition, not left to bear its burden alone. Supporting farmer networks, cooperatives, and peer-learning platforms can foster mutual learning, innovation, and joint investment in sustainable solutions. These **community-driven approaches** can contribute to building trust and delivering locally-adapted responses to climate and environmental challenges. To make this vision a reality, EU funding should be mobilised. Next to the Just Transition Fund, the forthcoming EU research programme and cohesion policy instruments – particularly the European Social Fund+ – must play a strategic role in ensuring that training and advisory services in the agricultural sector are adequately funded, inclusive, and accessible to all.

A sustainable farming system must not come at the cost of human wellbeing and therefore must include robust measures to address farmers' health and reduce their exposure to any kind of harmful products and practices. Farming is a high-stress profession, often marked by economic uncertainty, long working hours, isolation, and exposure to climate-related risks. Mental health struggles among farmers, agricultural workers and food industry workers are too often ignored. The EU must integrate mental health into its vision and policies for rural wellbeing. This means encouraging Member States to develop national strategies that include mental health services tailored to rural contexts, awareness campaigns to reduce stigma, and access to confidential psychological support. **Mental health** is an essential part of resilience, not just for individuals, but for the future of rural communities.



## 2.1. Building a legacy: generational renewal in farming and rural development

The ageing farming population poses a serious threat to the future of agriculture. It jeopardises European production capacity and food sovereignty and would lead to loss of farms and *savoir-faire*, and result in land concentration and reduced access to it.

The future of Europe's agricultural sector depends on attracting **young** people into farming. A major barrier to this is access to land and finance with high land prices, limited land availability, and competition from non-agricultural buyers worsening the situation. Shifting from area-based to more targeted payments could help reduce pressure on land prices. This is why we have asked for the creation of the EU Land Observatory to improve transparency, promote fair access, and curb speculation. We therefore call for a comprehensive and **ambitious approach to generational renewal** with a focus on women and new entrants who often face additional barriers.

Securing generational renewal demands a bold, systemic response, one that removes structural barriers for young and new entrants and guarantees equitable **access to land and resources**. Publicly supported initiatives must connect retiring farmers with the next generation and invest in mentorship programmes to ensure that skills, experience, and values are passed on collectively. We support the creation of youth-focused agricultural cooperatives and platforms where young farmers can network, share best practices, and gain access to affordable equipment and technology.

The European Commission and Member States should put in place targeted policies to improve land access. These include giving **young farmers** priority purchase rights when land is sold, setting land price caps, requiring continued farming use, and placing limits on large-scale acquisitions to counter land concentration and grabbing. These policies should be accompanied by succession measures such as assistance to retiring farmers together with financial incentives for land transfers to new entrants and encouraging long-term leasing contracts. In this context, access to finance for innovation in sustainable farming practices, renewable energy projects, and digital agriculture, should be prioritised, with lower interest rates for young farmers and **women entrepreneurs**.

### ***Recognising the “right to stay” as an important EU principle, boosting rural investments and entrepreneurship***

The agricultural sector and rural communities are severely challenged by rural depopulation. We support the **‘right to stay’** for farmers and citizens of rural communities, advocating for policies that improve living conditions and the quality of life in rural areas and create economic opportunities to help people stay in these areas. In particular women and young people are key to maintaining vibrant communities. Providing professional opportunities and ensuring access to essential services is crucial for retaining residents of all ages in rural areas. The EU must adopt a comprehensive and

measurable **rural strategy** to align all relevant funds and policies, including a revision of the EU Rural Action Plan.

The EU must prioritise ambitious investments to improve the **infrastructure and access to services in rural areas**, mobilising both shared and directly managed funds, with cohesion policy playing a central role in promoting balanced and inclusive rural development. By equipping rural areas with much-needed services, notably healthcare, childcare, education, digital connectivity, mobility and housing, we help these areas thrive, thereby also reducing the urban and rural divide.

**LEADER** has proven to be an effective tool in addressing economic, social and development challenges at local level and in contributing to sustainable rural development. We insist, therefore, on a meaningful earmarking of the European Agricultural Fund for Rural Development for the LEADER approach. Furthermore, the implementation mechanisms of the LEADER programme should be revised to facilitate more accessible and streamlined application processes for local public authorities and grassroots initiatives. We must also strive to use the **rural proofing** mechanism on all EU policies.

Active support for **rural entrepreneurship and innovation** is crucial to driving rural development. This requires encouraging rural start-ups and innovation hubs, as well as providing incentives for farmers, especially young ones, to diversify their businesses. To support this, the next CAP should better integrate sustainable agriculture, renewable energy, and bio-based materials by supporting technologies such as agrisolar and biogas to enhance farm incomes, and resilience. However, it is also vital to ensure that the EU biomass criteria lead to genuine greenhouse gas (GHG) reductions and protect ecosystems. The focus should be on low-impact renewable energy sources, such as wind and solar. A robust **circular economy and bioeconomy**, driven by collaboration between farming and forestry, can help deploy nature-based practices, replace fossil-based materials, diversify value chains, and create new employment opportunities in rural areas.

## **2.2. Ensuring access to and affordability of safe, high-quality, and nutritious food for all**

The CAP has been instrumental in ensuring the availability and affordability of safe, high quality, and nutritious food for 450 million EU citizens and beyond. The supply of food remained stable in the EU even during the world food price crises of 2007-2008 and 2010-2012, and the COVID-19 pandemic. This is a testimony to the resilience of the EU agricultural sector that can be credited to the diverse tapestry of actors and farming models that exist in the Union. Although no shortages have been observed in the EU, food prices rose, particularly in the wake of supply chain shocks and inflation. This is partly due to an exponential increase of input prices since the outbreak of the pandemic. However, bounded by multiannual contracts, farmers have generally been unable to transfer the increase in their production costs further down the chain. Over the same period, and according to Eurostat, access to essential foodstuffs became increasingly

difficult for low-income households. In 2023, almost 1 out of 10 European citizens were unable to afford a meal containing meat, fish, or a vegetarian equivalent every second day. When considering people at risk of poverty, the share at EU level was 22.3%, with Slovakia, Hungary, and Bulgaria recording the highest levels.

The CAP must continue to guarantee **food security** for all and **reduce food poverty** by supporting agricultural productivity affordability, and access to high-quality and nutritious foods which are essential for public health and can in turn help reduce pressure on healthcare systems. Greater emphasis must be placed on food redistribution programmes, and nutritional support schemes in schools and community centres. Moreover, **addressing food waste** across all stages of the supply chain will improve efficiency, increase the volume of available food to those in need, while lowering environmental impact.

The EU can pride itself in having some of the highest **food safety standards**, covering its entire food production and processing chain and applying to both exports and imported foods. We must continue to uphold the EU safety standards on food hygiene, animal health, plant health, as well as contaminants and residues to ensure that food placed on the EU market is safe and in line with the latest scientific evidence.

With over 3,600 registered Geographical Indications, the EU quality schemes represent a success story both within and outside the Union that must be preserved and promoted. By protecting the names of specific products linked to their geographical origin, they help preserve traditional know-how, contribute to the agricultural economy and tourism and remunerate the efforts of producers. In 2023, we strengthened the system of geographical indications to ensure better protection in free trade agreements as well as online. Other schemes such as ‘mountain product’ and ‘product of EU’s outermost regions’ and other voluntary schemes help valorise high-quality products and boost agricultural development in these regions.

### ***Supporting sustainable livestock production and animal welfare***

The livestock sector plays a foundational role in the EU’s agricultural framework, as it not only underpins food and nutritional security but can also contribute to rural economies and sustainable land use, especially on marginal lands unsuitable for crops. Notwithstanding the decline in livestock units over the last two decades, it remains important for employment and regional development, particularly in remote areas where livestock farming is often the only viable form of agriculture.

Livestock systems, particularly extensive grassland-based grazing, offer important yet often undervalued environmental benefits, such as carbon sequestration, improved biodiversity, nutrient recycling, and contributions to the circular economy via renewable energy and organic fertilisers. Such positive externalities merit clearer recognition. However, the livestock sector also generates significant negative externalities, notably greenhouse gas emissions and pressure on land and water resources. Both **positive and negative externalities** need to be quantified better. The sector is in need of additional support in order to further reduce its environmental footprint. To ensure a fair transition

for this strategic sector, a **balanced, science-based vision** is essential, one that fosters innovation and supports generational renewal, regional diversity, climate action, while providing fair economic returns for farmers.

**Animal welfare** has rightly emerged as a central tenet of EU livestock policy. The region already boasts some of the world's highest welfare standards, yet consumer expectations and scientific insights continue to drive progress. The **transition toward higher standards**, entails a phasing out of cages and other confinement systems, tailored to the specific needs of each species. It must be accompanied by robust impact assessments of the scientific evidence, consultation of all stakeholders, adequate transition periods, as well as financial and technical support, particularly for smaller farms. The proposed use of the Five Domains model and targeted interventions underscores a commitment to both welfare and farmer resilience, ensuring animals remain healthy and well-managed throughout the production cycle. Animal welfare policies should also provide clear minimum standards across the EU to ensure a level playing field.

Ultimately, the future of EU livestock production must be guided by integrated policies that pursue sustainability through **tailored, region-sensitive approaches**, in particular for regions with concentrated livestock activity, rather than rigid, one-size-fits-all policies that risk undermining rural livelihoods and food security. The CAP, trade frameworks, and disease prevention strategies all play critical roles to this end.

### ***Articulating dialogue between farmers and consumers and fostering a holistic approach of food consumptions***

The EU should foster a more integrated and holistic approach to food systems, encouraging closer interaction between producers and consumers, which are the weakest actors in the food supply chain. Initiatives that promote **diversified and nourishing diets** through education on food and nutrition can play a key role in this dialogue. The EU school scheme plays a decisive role in ensuring that children's nutritional needs are met, and healthy eating habits and lifestyles are adopted, irrespective of their socio-economic status. We call for a reinforced budget for the **EU school scheme** and a simplified administrative process to boost its effectiveness and for a dedicated nutritional education at EU level.

EU policies must fully recognise and support agrifood regional policies and strategies. Measures such as support for local farmers' markets and community-supported agriculture can contribute to re-establishing the **social value of food** and reinforcing local identity and culture. **Short-supply chains and seasonal products** can help consumers to better value food and understand the effort it takes to produce it. This would indirectly lead them to waste less food and nudge them towards healthier diets (adequate, balanced, moderate, and diverse) and lifestyles. To better valorise short-supply chains, we also call for a **Pact between Cities and Rural Areas**.

With changing lifestyles, consumption patterns and eating habits evolve. Ready meals and ultra-processed foods (UPFs) are consumed on a much larger scale than before. This has an impact on people's health and contributes to obesity and non-communicable diseases. It is therefore important that consumers are encouraged to consume more fresh food such as fruits, vegetables, pulses and nuts, and prepare meals at home. To support them in their efforts and ensure that **fresh produce remains accessible and affordable**, financial incentives such as VAT reductions could be envisaged. In addition to fresh fruits and vegetables, animal-sourced foods remain important for nourishing diets, particularly for groups with heightened nutritional needs. We call on the EU to develop a definition and criteria for UPFs, and to ban their advertisement, alongside the advertising of high-fat and high-salt food aimed at children.

Informed consumers can play an active role in the development of sustainable food systems. It is therefore essential to empower them to make informed decisions about their food choices, in line with Article 169 (TFEU). While not replacing **education**, the introduction of comprehensive labelling schemes can support citizens to better understand how and where their food is produced and subsequently opt for diversified and nourishing diets.

A new clear and harmonised **food labelling**, on the origin, the methods and conditions of production, the social and environmental impact of food, the presence of additives, and animal welfare, can support transparency, promote trust, and provide market incentives for sustainable food production. This is important especially for UPFs. **Digital labelling** should be encouraged as it represents an opportunity, both for producers and consumers, to contextualise and facilitate quicker access to voluntary product information through a language-free system. The Commission should adopt harmonised rules that reflect the fast progress of digitalisation and the increasing amount of information that should be made accessible to consumers.

### 3. Market Regulation, Fair Trade and Value Chains Organisation

In the aftermath of the COVID-19 pandemic, EU agrifood markets have become markedly more volatile. With trade disputes looming, and climate driven crop failures adding further instability, the post-2027 CAP needs a far **stronger market stability pillar** than the current one, when markets fail. The starting point is a **reformed Agricultural Reserve**, which must be transformed from the current €450 million 'rainy day' line into a multiyear fund, automatically replenished from crisis related tariff income. Because the funds would be released countercyclically, the Commission could act in advance by buying in surpluses, triggering temporary production reduction schemes or granting tightly targeted and time-limited aid to avert farm bankruptcies and food price spikes.

Complementing a larger reserve, the CAP should modernise **flexible market regulation levers**. When predefined surplus thresholds are reached, producer organisations could once again coordinate volumes, an approach that proved valuable in the 2016 dairy crisis. As stated in the Niinistö report, **EU strategic food stockpiles** are among the most effective tools to curb speculative practices and stabilise food prices. They should be set



up at EU level to be released when prices skyrocket and replenished when markets normalise.

### ***Strengthening risk management and crisis prevention tools***

Extreme weather, animal disease outbreaks and geopolitical shocks are no longer rare events but rather the recurring features of the agrifood landscape. To protect farmers and consumers alike, the post-2027 CAP should therefore **strengthen risk management and disaster recovery tools** for managing market, natural, and sanitary risks. First, an Agricultural Reserve and strategic stockpiles that can be mobilised within weeks to stabilise prices and secure supplies of critical inputs. Second, an EU-level reinsurance scheme that backstops national crop insurance schemes when sector-wide losses exceed agreed thresholds. Lastly, a dedicated disaster recovery instrument capable of funding rapid recovery after floods, droughts or epizootics, thereby shortening times and forestalling long-term production gaps. By embedding these instruments in the CAP's performance framework, as well as by linking support to proactive risk management by producers, the Union can move from ad hoc crisis cheques to a coherent architecture that cushions shocks, curbs inflationary pressure and encourages forward looking farm management.

The CAP should align with the EU's Preparedness Union Strategy which underscores the importance of proactive measures to anticipate and manage crises across sectors. This alignment involves integrating robust risk management tools, such as insurance schemes, mutual funds, and income stabilisation mechanisms, ensuring they are well funded and accessible to all farmers. These instruments should be part of a comprehensive EU response to climate-related and economic crises, reinforcing the agricultural sector's capacity to withstand and adapt to diverse challenges. Furthermore, by embedding this strategic foresight into the CAP, agriculture can be better equipped to handle disruptions, maintain food security, and support rural economies. Finally, the risk management **toolbox must be widened**. An enhanced reserve, responsive supply management mechanisms and shared risk schemes combined would deliver the safety nets, countercyclical support and crisis prevention capacity that are essential for resilient farm incomes and affordable food.

### ***Strengthening farmers' position in the food value chain***

Enhancing transparency and fairness along the agrifood chain is central to the future of the EU agricultural sector. The EU Agrifood Chain Observatory's real time indicators on price formation and margin distribution from farmgate to consumers will be instrumental in this direction, as they will feed into the forthcoming assessment of the Unfair Trading Practices (UTP) Directive. The recent amendments to both the UTP Directive and the Common Market Organisation (CMO) Regulation broaden the blacklist of abusive practices, tighten payment deadlines and, for the first time, empower Member States to

prohibit contracts that force farmers into selling below production cost while enabling farmers to renegotiate contracts.

Structural change is just as important as tougher rules. A Union-wide **ban on below cost selling** would stop retailers using staple foods as loss leaders, while updated Article 42 TFEU exemptions would allow producer and interbranch organisations to **negotiate minimum farmgate prices** without breaching competition law. Finally, the promotion of short-supply chains can contribute to producers receiving a fair, cost-covering price, while aligning with EU's environmental goals.

### ***No double standards: Levelling the playing field in global trade and strengthening EU's self-sufficiency***

The EU is a net exporter when it comes to agricultural products. In 2024, EU agri-food exports hit a record €235.4 billion, thereby contributing to a positive trade balance of €63.6 billion. Driven by products like cereal preparations, dairy and wine, this increase underscores the benefits of **diversified exports**, the contribution of the **EU promotion policy**, and strong international demand, whereas the concurrent rise in imports to a record level of €171.8 billion highlights the EU's reliance on the UK, Ukraine and Brazil for certain commodities, most notably feed.

While trade enhances **economic resilience** and market opportunities, it also exposes the sector to global price fluctuations and **supply chain vulnerabilities**. Trade Agreements must promote open, sustainable and fair trade. Free Trade agreements in particular, can offer opportunities but also pose risks to smaller and family-run farms which are the most vulnerable. To ensure that the **cumulative impact of trade agreements** does not undermine the resilience of the European agricultural sector, stronger safeguards, including well-designed tariff-rate quotas, safeguard mechanisms and the protection of sensitive products, are needed. Additionally, in order to ensure a level playing field for EU farmers, and a fair trade policy aligned with the EU social and environmental objectives, trade agreements must also continue to include a strong and **enforceable Trade and Sustainable Development (TSD) chapter**. Every EU trade agreement must demonstrably contribute towards achieving the Sustainable Development Goals both in the EU and partner countries.

It is thus necessary to pursue balanced trade strategies that support the export of certain products, decrease import dependencies on others such as oilseeds and protein crops, and **boost domestic food self-sufficiency**. To this end, the CAP should support, via coupled direct payments, the production in sectors strongly dependant on imports. A strategic protein plan will be key to improving the security of food supply in Europe.

**Aligning production standards for imported products with those of the EU** is pivotal for ensuring fair competition for EU farmers, creating a level playing field, and avoiding the externalisation of costs to less-regulated regions. We support the EU's plans to align rules on environmental protection, animal welfare, labour rights, and to implement stricter import controls and **reciprocity** mechanisms. This includes ensuring that animal welfare standards for imported goods match those required of EU producers. To ensure

coherence, the EU must also stop exporting hazardous pesticides banned in the EU to third countries and prevent their reintroduction via imports.

All in all, the EU's approach should seek to promote high production standards while remaining competitive on the global market. By aligning import regulations with domestic standards and providing support mechanisms for farmers, the EU could foster a fair, sustainable, and resilient agri-food sector.

### ***Fostering Sustainability and Fairness in the EU Food System: Supporting Local Economies and Socially Responsible Practices***

Public authorities spend over €2.4 trillion annually on services, works, and supplies, and while they may not be the largest food buyers, they have significant potential to drive sustainability. By introducing social, local, and sustainability criteria in **public food procurement**, such as for schools, hospitals, and public canteens, the EU can support environmentally responsible farming and foster local food economies and reduce food miles.

To build a fair, resilient, and sustainable food system, the EU must focus on strengthening food value chains from local processors to global distributors. A strategic, socially responsible approach to **agri-food value chains** should prioritise sustainability, fair value distribution, and workers' rights. A dedicated Food Industry Plan, as part of the Clean Industrial Deal, should support local and regional agri-food sectors through targeted investments and innovation, with a special emphasis on organic farming.

The **green transition of the food industry** must align closely with farmers, promoting circular food systems, sustainable packaging, energy efficiency, and measures to reduce food waste. Coordination across the value chain is essential to ensure **fair returns** for primary producers. Moreover, a comprehensive strategy to **upskill the workforce**, as part of the Pact for Skills, is critical for supporting the food sector's green and digital transition.

## **4. From soil to sustainability: a fair future for farmers and the planet**

To create a future where farming is economically, socially and environmentally sustainable, the EU agrifood system must continue to transition towards sustainable production thereby contributing to the **EU climate and environmental objectives** while respecting high animal welfare standards. This means developing, in line with climate neutrality by 2050, the 2040 climate target and methane emission reductions, a policy framework that combines agricultural production, mitigation and adaptation to climate change, protection of biodiversity, and animal welfare **while strengthening the competitiveness** of EU farms and the income of farmers. The next CAP should align with the European Climate Law, the Nature Restoration Law, and the Soil Monitoring Law.

## ***Agriculture as a climate actor: reducing GHG emissions, developing low carbon alternative models and protecting biodiversity***

Reducing GHG emissions in agriculture will require concrete, sector-specific measures such as manure treatment and fertiliser use reduction, agroecology and agroforestry, soil regeneration, and sustainable crop rotation. Better mobilising of existing biodiversity resources and resistant plant varieties, **precision farming**, biotechnologies including New Genomic can significantly reduce emissions by optimising input use and minimising waste. The EU should provide clear financial incentives for **carbon sequestration**, such as rewarding farmers for adopting practices that enhance soil carbon storage and reduce emissions.

The CAP, together with the JTFA, should continue to support mitigation and **adaptation to climate change**, to make farming more resilient. Member States should adopt concrete adaptation measures in their strategic plans, such as climate-resilient crops, crop rotation, no or minimal tillage, adjusted sowing/harvest timing, efficient irrigation, improved pasture management, and organic farming.

**Nature and biodiversity** are the basis on which agricultural production is founded. With 50% of EU species depending on agricultural habitats, it is important for the long-term sustainability of the sector that they are protected and restored. The next CAP must continue to support habitat preservation, pollinator health, and the maintenance of landscape features. In this regard, the agricultural policy framework should aim towards reaching 10% of agricultural land with high-diversity features to enhance biodiversity, reverse pollinator decline, and prioritise soil health, pollution prevention, and water resilience.

## ***Supporting the transition to more sustainable food production practices***

Supporting the transition to more sustainable food production practices is not only important for reaching the climate and biodiversity objectives, including those set out in the Paris Agreement, but also for preserving the economic and social sustainability of farms. To meet these goals, Member States already use a wide range of measures, under the CAP Strategic Plans, tailored to their specific needs. Similarly, farmers are already making strides in this direction, through organic farming, agroecology, regenerative agriculture and other sustainable farming practices that prioritise soil health, biodiversity, and reduced reliance on synthetic inputs.

To further support the transition, practices such as **agroforestry**, improved soil management, and protecting wetlands, that help reduce emissions and build resilience, should be pursued. **Organic farming**, which is currently the only certified and regulated at the EU level whole farm agroecological system, has been shown to deliver benefits for

biodiversity, climate mitigation and animal welfare. The EU's goal to reach 25% organic land by 2030 should be supported with the right mix of policy, training, and investment. Demand-side policies such as public procurement and the promotion policy should continue to be utilised.

**Agroecology and regenerative agriculture** are powerful tools for higher sustainability. By adopting practices like crop rotations, cover cropping, reduced tillage, and composting, farmers can restore soil fertility, improve water retention, and boost biodiversity. These approaches not only reduce reliance on synthetic inputs but also enhance farm resilience by working with natural ecosystems. To accelerate this transition, it is crucial to provide farmers with the right support through training, research, standardisation of agronomic methods, and financial incentives.

### ***Better protecting soils and natural resources and preserving wetlands and peatlands***

Extreme weather events such as floods, droughts, and forest fires are increasingly threatening water availability for agriculture, which depends on a reliable, safe and steady supply to ensure the health and wellbeing of plants and animals. When water is scarce, overused or polluted, productivity, resilience and food security are compromised. As a major groundwater user, agriculture is vulnerable to water stress and needs tailored support to adapt. The next CAP must continue to promote **sustainable water management practices**. In alignment with EU water legislation, it should boost **water resilience** by promoting efficient practices and preventing contamination from harmful substances such as PFAS. The European Water Resilience Strategy should introduce a common water management strategy and create separate funding for water-related measures, focusing on sustainable and efficient infrastructures, reuse, rainwater harvesting, and capacity-building. Farming practices must go hand in hand with sustainable water storage and advanced irrigation methods.

Healthy soil is essential for the production of food, fibre, and other resources used for a circular bioeconomy. It also plays a critical role in ecosystem stability, carbon sequestration and storage, water regulation and nutrient recycling. In synergy with the Soil Monitoring Law, the next CAP must continue to support **sustainable soil management** and prevent pollution, including through actions against eutrophication, contamination, micro- and nano-plastics.

**Wetlands and peatlands** play a key role in biodiversity and climate regulation, as they retain water, improve soil fertility, and mitigate climate impacts. Their protection and restoration under the NRL should also be incentivised through the CAP.

We support a strong and binding EU-wide commitment to **reducing pesticide use**, in particular of the most hazardous ones, which is crucial to protecting both the environment and public health. Chemical substances used in pesticides and that persist



in the environment, such as per- and polyfluoroalkyl substances (**PFAS**), are of particular concern and should be phased out as soon as possible.

A crucial step in the transition away from chemical pesticides and into low-risk plant protection is the wider adoption of **Integrated Pest Management (IPM)**. Scaling up IPM requires strong support to farmers through training, research, and financial incentives. At the same time, farmers need access to safe, affordable, and sustainable crop protection tools. This includes developing biological substances, promoting natural pest control, improving application methods and epidemiological techniques, and enhancing pest forecasting. Additionally, accelerating the approval of **biopesticides**, following a thorough assessment of their health and environmental impacts, will be essential to reducing the use of chemical pesticides, while ensuring that farmers will not be left without active substances. In an agricultural sector as diverse as the EU one, there is **no one-size-fits-all solution** to achieving the EU climate and environmental objectives. What works in one region might not be suitable in another and vice-versa. This is why the EU and Member States should adopt flexible, **locally adapted approaches** that help farmers transition without taking on undue risk that would compromise their production capacity and income.

## 5. Investing in research and innovation to advance competitiveness and growth

In order to ensure the effective uptake of new technologies, it is essential to promote knowledge transfer, **digitalisation** and the use of advisory services. Artificial intelligence (AI) and digitalisation have the potential to reduce costs and enhance sustainability across the agri-food sector. AI powered tools enable precision farming using drones, sensors and satellite data to monitor crop health, detect pests or diseases early, and optimise input use such as water and fertilisers. Decision-support systems can analyse weather patterns, soil data, and market trends to guide farmers in planning sowing and harvesting, while predictive models help anticipate risks related to climate change and crop performance. In livestock farming, AI-driven monitoring systems track animal behaviour and health in real time, allowing for early disease detection and improved welfare. Robotics and automation, such as autonomous tractors and harvesting robots, address labour shortages and increase productivity. Digital farm management platforms centralise data, reduce administrative burden, and support sustainability benchmarking, helping farmers meet CAP requirements. AI also improves post-harvest logistics by forecasting demand, reducing food loss, and enhancing traceability along the supply chain.

We also need robust support for research on agricultural transition and adaptation to climate change, new agronomic models and practices, alternatives to pesticides, and socio-economic impact of agrifood policies on farmers and rural areas. We need social science to tackle the renewal of generation, farmers' health, cooperation through value chains and new economic models. To be able to manage evidence-based policy making we need to invest in better understanding of risks related to innovation and hazardous products.

To guarantee the effective and inclusive adoption of these technologies, sustained investment is required in **rural connectivity**, farmer training, accessible advisory services, and tailored solutions for small and medium-sized farms. Continuity of funding also post-2027 and strong coordination among key EU instruments, such as the CAP, Horizon Europe, and the Digital Europe Programme, are essential to fully unlock the potential of digital innovation and secure a sustainable future for European agriculture.

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## **Conclusion: The need for a fair, resilient, and sustainable post-2027 CAP**

The post-2027 Common Agricultural Policy must be reimagined as a bold and integrated policy that genuinely supports farmers, ensures food security and safety, revitalises rural areas, and safeguards the environment while forging the resilience of the whole agricultural sector and rural communities. In the face of mounting challenges, geopolitical instability, economic uncertainty, deepening social inequalities, and the accelerating impacts of climate change and biodiversity loss, the next CAP must be equipped with robust funding and adequate tools to build a production and food system that is resilient, equitable, and sustainable.

The S&D Group calls for a CAP rooted in fairness for farmers, workers, and rural communities, and grounded in a clear commitment to social progress, economic resilience and environmental sustainability. It must support a fair standard of living for farmers, guarantee decent working conditions for farm workers, promote generational renewal, strengthen the economic and social fabric of rural areas, and preserve natural resources through farming practices that support nature restoration and animal welfare.

Now is the time for decisive action! Fair pay, fair prices, and fair trade are not just political demands; they are the foundations of a just agricultural model that can withstand future crises and deliver long-term food security and sovereignty. A strong CAP budget, robust market regulation, and coherence between agricultural, social, environmental, and trade policies are essential. Only through an ambitious and integrated approach can the EU overcome the food, social, and environmental challenges of our time and ensure that no one is left behind in the transition toward a fairer, more resilient and sustainable Europe.