

POSITION PAPER

CAN Europe on the “Vision for Agriculture and Food” (April 2025)

Executive Summary

In CAN Europe’s view, **the European agriculture and food systems should move towards a comprehensive just agroecological transition while constructively contributing to achieving ambitious climate targets in a manner that is fair to farmers, rural communities, consumers and the public at large.** The agricultural and food sector in the EU faces significant challenges in the face of its contributions as well as its exposure to rising levels of climate change and extreme weather events, soil degradation, water scarcity, and biodiversity collapse, while there is a need to increase biodiversity protection and nature restoration. Likewise, millions of farmers are confronted with rising production costs and often low farmgate prices, bureaucracy, and exploitation from deep-set incumbents in agriculture and food systems. Cost increases for food in combination with quality of food and sustainability considerations are among the major concerns in the cost of living challenges millions of consumers face.

Transitioning to agroecology, coupled with measures to support farmers and consumers, can alleviate many of these concerns and can show that our agri-food systems can also be a critical part of the solution to climate mitigation and adaptation. Agroecology integrates ecological principles into agricultural systems, promoting biodiversity, improving soil health, reducing peatland emissions, restoring nature, and reducing the need for polluting chemical inputs (and the cost for farmers), and needs to be promoted in a more landscape approach beyond the production at the farm level.

Against this backdrop, CAN Europe highlights the following aspects as critical for the further development and regulatory initiatives for the EU’s agriculture and food systems:

1. There is the need for a **binding and ambitious sectoral gross non-CO₂ emission reduction target**, separate from the LULUCF sector, so that the EU agri-food sector contributes its share to emission reductions, to be developed in the context of the post-2030 climate targets.¹

2. **Move to a policy framework that ensures emission reductions across the food chain as an all-actor task**, including by implementing supporting policies including through:

- Revising the Public Procurement directive,
- Addressing and reducing food waste,
- Developing an EU Action Plan for Plant-based Foods.

3. With industrial livestock production being the main cause of EU agriculture

¹ CAN Europe’s overall climate target position on climate neutrality by 2040: [CAN Europe's Position on the EU Climate Targets & an Equitable GHG budget for the EU - CAN Europe](#)

emissions, **a strategy is needed for the just transition to a more resilient and sustainable EU livestock sector through a territorial approach** (incl. quantitative, differentiated reductions of livestock in the context of wider sustainability considerations leading to an overall reduction of livestock numbers);

4. Reform the Common Agricultural Policy (CAP) to support the just transition to sustainable food systems including through:

- A dedicated funding mechanism should support the agri-food just transition;
- Phasing out harmful subsidies, including those that encourage the production and consumption of animal products and area-based direct payments, which are linked to the size of the farm rather than the sustainability of practices;
- Reform income support to be more targeted to those farmers and communities most in need;
- Incentivising sustainable practices and supporting the transition to agroecology.

5. Ensure **fair prices for farmers and consumers in a socially-just way** by addressing unfair trading practices and making the sustainable, less emission-intense choice the easy one for consumers, like encouraging Member States to differentiate VAT (e.g. plant-based, organic, locally sourced products at 0% VAT; unhealthy, less sustainable food at highest VAT).

6. We support the application of the **polluter pays principle** in the agriculture sector in the EU. Therefore, options for socially-just carbon pricing should also be considered within a wider policy-mix, while practices that have a positive impact on climate and the environment are rewarded.

7. Ensure **consistency between trade policy and sustainability requirements**: Achieving this will require the EU to rethink its approach to market access for exports and imports, considering the positive and negative externalities of agri-food trade on environmental sustainability, the competitiveness of EU producers, animal welfare, labour standards, and consumer factors such as price and choice.

Overall, the **Vision for Agriculture and Food** released on 19 February falls short of these key asks. Positively, its narrative aims to better bring together food production and climate aspects and provides a number of entry points to advance in the direction of CAN Europe's asks. However, in several ways it stays either very vague or projects key political steps to be outlined in forthcoming strategies and legislative initiatives. It aims to shift agriculture policy even more from conditions to incentives, but without any clarity on whether incentives will be made available at a scale and in a way that they are consistent with critical sustainability and climate objectives. This makes it very difficult to judge how ambitious and comprehensive some of the indicated shifts may become. Overall, it does not sufficiently reflect a transformation away from business-as-usual compatible with the challenges and threats that the climate crisis imposes on the sector. Thus, changes are needed to **move towards a comprehensive just agroecological food system transition while constructively contributing to achieving ambitious climate targets and biodiversity goals in a manner that is fair to farmers, rural communities, consumers and the public at large.**

The role of EU Agriculture and food systems in contributing to greenhouse gas emissions and the climate crisis

EU agriculture accounted for greenhouse gas emissions of approximately 366 MtCO₂e in 2022, a bit more than a tenth of EU emissions according to EEA.² That number further grows if one includes emissions from land, the energy used on farms, to produce fertilisers and pesticides or used to process, transport and sell food or from wasted food, with the [EU Parliament](#) estimating that in 2020, the contribution of agrifood systems to total EU emissions was 31 %. The EU also contributes to GHG emissions abroad for the food it imports. With a reduction of only approx. 5% between 2005 and 2022 (and estimates of another 2% reduction in 2023), the sector's contribution to the EU's emissions reductions has been much smaller than other sectors. The developments differ significantly from Member State to Member State; in some emissions have declined by over 20%, in others they have grown in that order. [According to the EEA](#), with current policy measures in place, EU-level agricultural emissions are projected to remain stagnant at this level towards 2030, while emissions in most other sectors are projected to decrease, amongst others because of the existing climate policy regulation. Emissions vary according to Member States, with a limited but insufficient decline projected for some Member States, but that is not the case everywhere. This trend underscores the urgent need for more ambitious climate action in the agricultural sector if the EU is to meet its climate neutrality target, which in CAN Europe's view should be achieved by 2040 at the latest already.³ Emission reductions can be achieved and are identified in pathways explored by the [European Scientific Advisory Board on Climate Change \(ESABCC\)](#). The study published in January 2024 suggests that a reduction of agri-food sector emissions of around 30 % below 2005 levels by 2050 could be achieved largely through supply-side measures identified in the literature, and around 60 % in the most ambitious pathways featuring additional demand-side action. Other research by [Agora](#) indicates that the EU agriculture and agriculture peatland emissions could be cut by 60% by 2045 from 2020 levels.

At the same time, agroecological practices can also contribute to climate adaptation and mitigation. There is also a huge role to play for agriculture in maintaining and enhancing carbon sinks, which is for example reflected in the EU's Nature Restoration law which aims for restoring drained peatlands under agricultural use with time-bound targets for the next decades.⁴ Full implementation by Member States is therefore critical. Also, the [ESABCC research](#) points to potential co-benefits from less-GHG intense crop practices including "emission reductions in other sectors (due to lower mineral fertiliser production and increased carbon sequestration in agricultural soils), improved soil, air and water quality (due to less nitrate leaching, eutrophication and ammonia emissions), and better climate resilience due to increased water-holding capacity of the soil (if soil carbon is increased)." Overall, in CAN Europe's view, climate and environmental policies can go hand in hand with agricultural policies.

² Direct energy use emissions like fossil fuel use in transport, housing etc. are not included as these are covered in energy sector emissions, but they account for a relatively small share of emissions in agriculture of only 2-3%.

³ CAN Europe's overall position on the climate targets is laid out here: [CAN Europe's Position on the EU Climate Targets & an Equitable GHG budget for the EU - CAN Europe](#)

⁴ Article 11 of the NRL: "Restore drained peatlands under agriculture, on at least 30% of areas by 2030, of which at least a quarter shall be rewetted, 40% by 2040 and 50% by 2050 of which at least a third shall be rewetted."

1. Towards a binding and ambitious sectoral gross emission reduction target

As highlighted in a recent [CSO letter](#) and also recommended by the ESABCC, in CAN Europe's view it will be important to set a binding and ambitious sectoral gross emission reduction target compatible with the objective of the Paris Agreement and the provisions of the EU Climate Law to ensure that the EU agri-food sector contributes its share of emission reductions. This target should in any case be kept separate from the LULUCF sector and be achieved through actual gross emission reductions.

While the *[Vision document](#)* clearly recognises that the farming and food sector must contribute to the EU's climate objectives (and function within planetary boundaries), "while preserving healthy soils, clean water and air, and protecting and restoring Europe's biodiversity", it falls short of confirming there will be such a target fails to acknowledge the damage unsustainable agri practices have caused. However, it promises that "the Commission will consider pathways for the contribution of the agricultural sector to the EU's 2040 climate target, taking into account the specificities of the sector and focusing on its competitiveness, the need to ensure food security and to strengthen the bioeconomy, and in dialogue with the sector and the Member States." The Vision further states that "this will be reflected in the review of the relevant legislation regulating GHG emissions and removals from the agriculture and the Land Use, Land Use Change and Forestry sectors." According to the Commission work plan, the evaluation of the current LULUCF regulation is scheduled to be published in the fourth quarter of 2025. So overall this clearly keeps the option of such a target in the context of the wider 2040 architecture on the table.

2. Emission reductions in the food chain: an all-actor task requiring a robust, coherent policy package

The Strategic Dialogue recommendations rightfully concluded that "all actors in the food value chain should contribute to the efforts of emissions reduction." There are multiple options to pursue this, including by upgrading processing facilities with the use of zero- and low-emission technologies (including substituting fossil fuels by renewables and energy efficiency); enhancing supply chain logistics to minimise transportation distances and emissions; promoting short supply chains, local food economies and farmers markets; reducing food loss and waste in their operations; prioritising climate-friendly, organic and local food options in public and private procurement etc. Supermarkets, food processors and food services have a powerful position in the food chain and have multiple options to reduce GHG emissions and influence consumers, for example through strategies like advertising, sustainability labelling, pricing, cross-subsidies, shelf placement, packaging, banning certain products, and introducing plant-based options, according to [TAPPC](#).

Public procurement policies should support sustainable food systems, small and diversified farms and local food economies. The revised EU Public Procurement should enshrine a "best value" approach, which rewards quality. This should include social and environmental including climate-relevant (e.g. organic production, plant-based, circular practices and reduction of food waste) sustainability aspects of the food to be provided as part of the service, as well as appropriate prices such as ensuring these are above production costs and

reflect decent income for farmers.⁵

Developing an EU Action Plan for Plant-based Foods by 2026, which has recently been [demanded by a group of more than 130 NGOs](#) including many CAN Europe members, should be a critical element in the Vision to strengthen plant-based agri-food chains - from farmers to consumers. Such a plan should adopt a holistic approach to addressing the entire agrifood value chain, as well as broadening the scope of proteins by including foods like fruits, vegetables, legumes, nuts and wholegrains, and be accompanied by appropriate funding that boosts the production and consumption of plant-based foods, with a focus on organic and agroecological products. Reducing meat consumption in favour of plant-based diets will reduce feed demand and space dedicated to livestock, which will consequently free up land that can be used for nature restoration and more extensive and agroecological practices.

Reducing food loss and waste and increased circularity is a critical component of climate action in agriculture and food systems and more widely for a sustainable production and consumption shift. Food loss and waste contributes significantly to GHG emissions, and addressing this issue can have substantial environmental benefits. Comprehensive measures should include mandatory reporting and monitoring of food loss and waste data, and initiatives to promote food loss and waste reduction at all stages of the supply chain.

The *Vision document* stresses that “**the food and drink industry, as well as the retail sector**, have also a crucial role to play in contributing to the 2040 climate target and the environment protection”, which is generally positive as it reflects the responsibilities across the value chain. It also highlights the need to continue “efforts to **reduce food loss and food waste**” but without any clarity how to promote this. The more tangible proposals are the following ones, but again keeping very much open how comprehensive and ambitious next steps would be:

1. The Commission will develop and gradually phase in a voluntary benchmarking system for on-farm sustainability assessments, allowing simplification and benchmarking to go hand in hand. Similar **benchmarking approaches could be developed together with and extended to the whole agrifood sector**, including supporting consumer choices.
2. The Commission will come forward with a **legal proposal to strengthen the role of public procurement**, which should **reward quality and sustainability efforts** made by EU farmers, food industry and services (local, seasonal products, and food produced with high environmental and social standards, including organic products and food originating from shorter supply chains).
3. The development of “a comprehensive plan” to “create a more self-sufficient and sustainable EU protein system”. Through a shift from more climate harmful (such as certain types of meat and dairy production methods) to more climate friendly (such as plant-based) could also contribute to the sector’s future climate goals, but whether the direction will be similar to the above mentioned Plan for plant-based foods remains open.

However, what is worrying is that there is no mention of the EU’s Farm to Fork strategy and lack of clarity of what will happen with some of its initiatives, which overall aims to promote the transition to a sustainable food system with a comprehensive approach, as part of the European Green Deal. Overall, the extent of positive change is kicked down the road, depending on the details of the presented next initiatives.

⁵ More detailed guidelines have also been developed by the Food Policy Coalition: [Manifesto-for-establishing-Minimum-Standards-for-Public-Canteens-across-the-EU_final.pdf](#)

3. The need for a strategy on the just transition away from industrial livestock production

Nearly three quarters of the EU's agricultural land is dedicated to meat and dairy production.⁶ And according to the [ESABCC](#), direct livestock emissions account for two thirds of all reported agricultural GHG emissions: Almost half of all agricultural GHG emissions come from livestock enteric fermentation (CH₄), 17% represent CH₄ and N₂O emissions from manure management. The other third of total agricultural emissions are N₂O emissions related to fertiliser use on crop- and grasslands, a substantial proportion of which is also related to feeding livestock. With the large share of emissions coming primarily from industrial livestock, **overall reduction of livestock numbers emerges as a critical pillar for an agriculture compatible with climate neutrality targets**, even if some technical emission reduction measures may also play a role. Obviously this would require a differentiated approach taking into account the different levels of climate and biodiversity impacts of different types of livestock, including for example also benefits from extensive livestock farming (such as those based on permanent meadow and pasture contributing favourably to maintaining landscapes as well as "environmental services, as highlighted by an [EESC report](#)). But it is clear that technological fixes (like feed additives) are insufficient to develop the level of GHG reductions needed and reinforces the existing industrial model rather than fostering the transition to agroecological animal farming. [Analysis by Ecologic](#), which is also based on the European Commission's Impact Assessment underpinning the proposal for a 2040 climate target, points to several important benefits of such livestock number reductions beyond fewer emission, including the potential to contribute to lowering food prices as "about 90% of soy and two-thirds of the cereals consumed in the EU are used to feed animals" and thereby drive demand and prices, also potential for increased carbon removals, nature restoration and biodiversity protection, and reductions in water consumption. Thus, overall a strategy is needed for the just transition to a more resilient and sustainable EU livestock sector through a territorial approach (incl. quantitative reductions of livestock in the context of wider sustainability considerations).

The ***Vision document*** falls short of pursuing the development of a dedicated strategy, but refers to launching a new "work stream on livestock" to develop policy pathways that:

1. "Provide a diagnosis of the sector's challenges, including global competition;
2. Propose appropriate tools to accompany the sector and, where justified, reciprocity measures;
3. Seek ways to address its climate/environment footprint, including ways to valorise the link between livestock production and maintenance of environment- and climate-valuable grasslands through more extensive livestock systems beneficial to the preservation of biodiversity and landscapes;
4. Foster investments, technological development and innovation; and
5. Enhance the development of sustainable production models.
6. For prevailing emissions from livestock, the recommendations from the livestock work stream will serve as the basis for the further development of a toolbox of tailored measures to support the sector and regions in their efforts to reduce emissions."

⁶ Over 71% of EU farmland dedicated to meat and dairy, new research shows (<https://www.greenpeace.org/eu-unit/issues/nature-food/1807/71-eu-farmland-meat-dairy/>)

In principle, this list of ingredients offers the potential for a future-proof framework which matches the sector's necessary contribution to the next set of EU climate targets. However, the potential role of absolute (but differentiated) reductions in livestock numbers and in meat and dairy consumption as a strategy component towards the sector's sustainability shifts is not explicitly mentioned in the document, despite the fact that manure management and livestock is the main source of agricultural emissions and that the use of land is not sustainable. What remains very unclear is the governance and structure of this "work stream", where it is situated with regard to the new European Board on Agriculture and Food, when it would deliver results and which policy files would be addressed (for example the Industrial Emissions Directive is not at all mentioned in the Vision). So many questions remain open, and despite some noteworthy entry points from a climate perspective, it is questionable whether a more significant change in direction will occur.

4. Reform the Common Agricultural Policy (CAP) to support the just transition to sustainable food systems

The CAP is currently failing to support the just transition to sustainable food systems and to realise the right to adequate food on the scale and at the speed we need. As a cornerstone of EU agricultural policies to increase agricultural productivity, support farmers, and promote rural development, the CAP has a substantial budget (**386.6 billion Euros or approximately one third of EU budget**) and policy means to promote a just transition and to upscale climate and environmental objectives in agriculture, but it has been widely criticised for failing to do so. For example, a [European Court of Auditors report](#) on the CAP national strategic plans concluded that the plans do not match the EU's ambitions for the climate and the environment and that key elements for assessing green performance are missing. A [WWF analysis](#) found that agriculture subsidies are often used in a way damaging the environment, where this "misuse of funds supports large-scale farming practices that ruin natural habitats and provide little aid for farmers transitioning to sustainable methods", claiming that nearly 60% of the EU's Common Agricultural Policy (CAP) funds (approx. €32.1 billion annually), are spent on these destructive activities.

Without substantial reform and re-orientation of existing funding, the CAP will continue to perpetuate current, socially unjust and environmentally-damaging industrial agricultural practices. It should be revised to target income-support at those who need it most, especially small and diversified farms, young farmers, and new entrants, including women, and to scale up incentives to achieve the highest possible environmental, social, and animal welfare practices in a quantifiable manner. Obviously, as a cornerstone of a just transition approach, it will be critical to ensure a participatory and multi-stakeholder approach, ensuring the voices, needs and expertise of all those particularly affected play a central and critical role.

The current subsidy structure reinforces harmful, intensive farming practices that increase soil emissions and degrade ecosystems, whilst failing to promote and compensate farmers appropriately for providing positive ecosystem services. For example, [recent research](#) found that over 80% of CAP subsidies went towards emissions-intensive animal products. The policy inconsistency of the CAP rules has also been found by the ESABCC in its [January 2024 report](#) and its [2025 CDR report](#). Large parts of the CAP encourage the production and consumption of animal products, contribute to soil carbon emissions, and/or obstruct land restoration and carbon sequestration. Moreover, the subsidy structure disproportionately

benefits large agribusinesses, while small-scale farmers struggle to achieve fair prices and often sell below the cost of production. In accordance with the conclusions of the Strategic Dialogue, the share of the CAP that is directed towards income-support should be decreased in favour of an increased share of financial support or payments from the CAP budget to farmers for applying environmental measures. As such, CAN Europe sees three critical reforms and dedicated funding as particularly important:

1. CAP reforms:

- **Phasing out harmful subsidies:** Area-based direct income-support payments, which are linked to the size of the farm rather than the sustainability of practices, must be phased out. Additionally, subsidies that encourage the draining and overexploitation of wetlands and peatlands must be eliminated. Wetlands and peatlands are critical carbon sinks, and their destruction releases significant amounts of CO₂ into the atmosphere. Subsidies should be phased out for intensive livestock farming which fuels overconsumption of meat and dairy and often depends on imported soy entailing deforestation; measures should be put in place to accompany affected farmers to engage in the transition, as proposed in a [CAN Europe report](#). By ending these perverse incentives, the CAP can help protect these vital ecosystems and reduce carbon emissions.
- **Reform income support to be more targeted:** Income-support measures must be much more targeted and only provided to those most in need. 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, organic farms, and new entrants, and support and encourage sharing best practices and data of results.
- **Incentivising sustainable practices and supporting the transition to agroecology:** CAP subsidies should be redirected towards rewarding farmers for good stewardship of land and natural resources, the production of quality nutritious food and for the delivery of ecosystem services.⁷ In this context, and in line with the recommendations of the Strategic Dialogue, the **transition to agroecology** is essential for creating a sustainable and resilient - including through climate adaptation - agricultural sector. The agroecological transition integrates ecological principles into agricultural systems, promoting biodiversity, improving soil health, and reducing the need for polluting chemical inputs, and needs to be promoted in a more landscape approach beyond the production at the farm level.

2. Dedicated funding for just transition

- To support farmers in this transition, a **temporary Agri-food Just Transition funding mechanism** should be established that provides financial support, training, and agroecological transition advice and innovation for farmers, farm-workers and particularly affected farming communities to accelerate the transition, as well as other parts of the food chain. Such a proposal has also been included in the Strategic Dialogue recommendations. This mechanism should include support for on-farm investments, research, and advisory services and capacity building to help farmers adopt new practices or transition to new forms of business (including for example through buy-out schemes for livestock farms in ecological zones). Special support should be directed towards young and new farmers, as well as micro-farms, who are

⁷ This is also in line with the recommendation of the [Strategic Dialogue](#) that “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, complemented by incentivizing ecosystem and animal welfare services under the CAP environmental objectives.”

often the most vulnerable and have the greatest potential to benefit from agroecological practices. Such a mechanism must be linked to clear objectives in a whole-farm approach to transition away from industrial factory farming and improve animal welfare standards.⁸ CAN Europe also demands a financing pillar for Biodiversity and Nature in support of the EU biodiversity strategy, financing nature restoration and protection, and nature-based solutions to climate mitigation and adaptation. This would be an important step to enable an increase of carbon sequestration.⁹

The ***Vision document*** outlines the planned approach to reforming the Common Agriculture Policy (with the EC work programme indicating that two “Common Agricultural Policy simplification package” will be put forward in the 2nd and 4th Quarter 2025):

1. The future CAP will assess **how to support farmers best in reducing further greenhouse gas emissions** from their farming and livestock activities.
2. As a general principle, future CAP support will therefore be **more directed towards farmers that actively engage in food production, towards the economic vitality of farms and the preservation of our environment.**
3. This **toolbox requires a well-calibrated mix** of a better targeted public support from the future CAP, investments into nature-friendly solutions, more economic incentives, tailored advice drawing on advances in research and innovation, and a more agile regulatory environment.
4. The support should be further directed towards **those farmers who need it most**, with a particular attention to the farmers in areas with natural constraints, young and new farmers, and mixed farms
5. The Commission will orient the **future CAP away from conditions to incentives.**

While most of these elements in principle can be conducive for the needed transition as outlined by CAN Europe’s demands, the extent of change is difficult to derive from the ***Vision document***. For example, the quantitative shifts of the CAP payments (e.g. away from area-based payments) remain unclear, but that is a critical factor in determining whether those farmers most in need and those who preserve our environment are becoming priority. A particular challenge emerges if, as part of the move from conditions to incentives, conditions would be weakened across the board (e.g. as part of the CAP simplification proposals) but if the “incentive package” is not solid enough (e.g. if too few resources are dedicated to the specific incentives). The Vision document in this regard also gives too much attention to “carbon farming” and the CRCF without recognising critical questions that will define its effectiveness, such as potentially weak methodologies as they are currently being developed, and issues with temporary sequestration, unstable and uncertain sinks, and the potential use of the credits for offsetting purposes. This would also not seem as a robust approach from a climate perspective. Thus it will be critical that the first step - the simplification proposals - already fully reflect the above parameters and do not undermine them, so that a later CAP reform would at best do damage repair. In this regard, more than 60 civil society groups including CAN Europe have recently highlighted key asks on the upcoming CAP simplification in a [letter](#).

⁸ Whether such a funding mechanism would be housed under the CAP, within the existing budget or with additional resources, or somewhere else, would require further exploration depending also on the future of the CAP and the architecture of EU funding overall.

⁹ Additionally, the Strategic Dialogue called for a targeted nature restoration fund, outside of the CAP, for farmers and land-managers to be supported in restoring and managing natural habitats and rewetting of land, for example. In the co-signed [Social and Green Investment Plan](#).

With regard to funding, the EC commits to “efficiently use public funding and investment and leverage and de-risk private capital”, and refers to the CAP to “continue to finance investments to foster the competitiveness, sustainability and resilience of the farming sector”. However, it does not pick up the proposal for a dedicated funding mechanism on just transition and overall sends no signal of targeted and additional support to address some of the key transition challenges.

5. Fair prices for farmers and consumers

All farmers and farmworkers should have decent incomes and be fairly paid for their work. Amongst others, unfair trading practices must be addressed to ensure that farmers can receive decent revenues from the market and do not have to sell their products below production costs. Many farmers’ dependency on chemical inputs (including fossil-fuel based fertilizers), increases, besides pollution, production costs and is another major concern which needs to be addressed including through supporting solutions like organic food and agroecology. Increased profitability for farmers is needed to ensure a sustainable food production and promote a just and sustainable transition; however, profitability should not be achieved through intensification, but rather through diversification and agroecology, in addition to the favoured reforms outlined below.

The cost of living, including for quality food, is a great concern of many consumers. Member State level taxation policies such as differentiated VAT rates can also alter market dynamics by promoting sustainable consumption. For instance, lower VAT rates on sustainable products like organic produce, certain plant-based foods, or locally sourced food, as well as fair trade certified goods coupled with higher rates on emissions-intensive products like industrial meat and dairy can help shift consumer behaviour towards more environmentally friendly options. Such fiscal policies can, if adequately designed, support the shift towards a more sustainable food system, with additional health benefits. The UN Food and Agriculture Organisation (FAO) in its [2024 report](#) also recommends countries to start taxes on meat and dairy and give subsidies for vegetables and fruit, to reduce external food costs. In this regard it is also important to recall the [resolution by the European Parliament](#) from 2021 which demanded to give “Member States more flexibility to choose a zero VAT rate for healthy and sustainable products such as fruits and vegetables”.

However, it is critical to ensure, when designing such policies, **that the benefit makes its way to consumers and is not absorbed by retailers, and that distributional impacts are duly considered and justice aspects are put at the centre** so as not to overall, in net terms, increase cost of living in particular for low poor and middle-incomes households.

The ***Vision document*** gives very little concrete attention to the aspect of prices and, even less so, on pricing as a policy instrument. It refers to making use of the new EU Agrifood Chain Observatory (AFCO) to enhance transparency of price formation and highlights the importance of “short food supply chains” to “ensure fairer prices for farmers, fishers and improved access to fresh and seasonal products for consumers.” Such shorter supply chains can of course also contribute to a lower ecological and carbon footprint of the sector. However, it remains very vague. A debate to differentiate taxes and other financial tools by the sustainability of products is completely absent from the Vision document, although the Commission is currently exploring carbon pricing options within the agriculture sector.

6. Apply the Polluter Pays Principle and explore socially-just carbon pricing options

If designed well, carbon pricing can be an effective tool to incentivise shifts towards lower-emission processes, and to incentivise consumers to shift their consumption towards less GHG-intensive products and services, but it is critical to take into account the impacts of price dynamics on consumers and producers and avoid misleading incentives.¹⁰ For example, a study by CE Delft indicated agri-food emissions in Europe can be reduced by 120 Mt CO₂ eq (approximately 33%) by introducing taxes on meat to a level that would halve meat consumption levels (level 2022), while generating 32 billion Euro/year of revenues that could for example be used to support the agro-ecological transition further as well as consumers through price subsidies towards healthy, climate friendly foods.

CAN Europe supports the careful exploration of design options for such approaches (including an ETS) and the role they can play to shift the food and agriculture system to a more sustainable one including from an emissions perspective, while highlighting below some initial main aspects to take into account. However, a carbon pricing instrument alone will not transition the sector. From an overarching perspective, it will be critical to avoid that such a discussion distracts from advancing the much needed reforms in particular regarding the Common Agricultural Policy, which should be prioritised. Any approach must seek to contribute to correcting (and not further increasing) problematic developments in the sector and take into account the many particularities (such as the large number and diversity of actors and dominance position across the value chain, the complex GHG fluxes in the sector and different tools needed to address the different sources; linkages with biodiversity, land-based carbon sequestration, water scarcity, soil health, and animal welfare; access to nutritious food as a basic human need, different implications depending on which actor level a system would be imposed). Any carbon pricing mechanism must be separate from and avoid negative impacts on existing instruments such as ETS1 and 2. It must also support small farmers and vulnerable consumers. Crucially, land-based sequestration activities must not be used for offsetting emission reduction obligations. This also means excluding such activities from potential carbon pricing mechanisms for agriculture. Revenues from carbon pricing, which will significantly depend on the level of carbon price but could be in the order of billions of EUR according to some [estimates](#), should primarily support the shift to more sustainable, just and resilient agriculture and food systems. But, as highlighted in section 4, food prices are particularly sensitive and therefore the implications on consumers, in particular from low- and middle-income parts of the society, must be carefully examined.

The ***Vision document*** does not mention at all the potential role of pricing mechanisms in relation to sustainability in general or carbon footprint more specifically, and neither signals the intention to explore their advantages and disadvantages as part of a wider policy mix (including potential for raising revenues to invest into the sector). It will be critical to progress on the sector's climate dimension until 2030, but in particular for the post-2030 period in light of the anticipated 2040 climate target it will be decisive to identify the sector's pathways and underpin them with reliable policy approaches which cannot solely rely on voluntary incentives with uncertain impacts. Whether, and if in what form, carbon-related pricing approaches should play an important role must at least be seriously examined.

¹⁰ Also, the [ESABCC](#) recommended expanding coverage of emission pricing to these sectors to create a sufficiently high, credible and consistent price signal for GHG emissions.

7. Consistency between trade policy and sustainability requirements needed

The Strategic Dialogue recommends the European Commission should ensure greater consistency between its trade and sustainability policy, which CAN Europe strongly supports also based on the often negative history of trade agreements in this regard, reflected in CAN Europe positions. Achieving this will require the EU to rethink its approach to market access for exports and imports, considering the positive and negative externalities of agri-food trade on environmental sustainability, the competitiveness of EU producers, animal welfare, labour standards, and consumer factors such as price and choice. Currently, the EU's trade policy predominantly serves to open markets for EU companies in third countries and ensure access to cheap, low-value-added inputs, while protecting certain sectors, such as agriculture and the agri-food industry, often to the benefit of large economic actors at the expense of small-scale farmers in the EU and third countries. However, the recent EU-Mercosur partnership agreement for example illustrates that sustainable development and climate action commitments in EU trade agreements are often reduced to weak 'Trade and Sustainable Development' chapters. CAN Europe sharply [criticised](#) the agreement finalised in secret circumstances, including based on concerns raised by farmer and consumer organisations and trade unions. The European Commission should focus on building a trade policy that truly enhances the EU's contribution to sustainable development, promoting Fair Trade and sustainability practices worldwide through both top-down and bottom-up approaches.

However, achieving these objectives also requires the EU to reform its trade policy and align it with its environmental goals. The EU should introduce mirror measures to ensure imported products meet essential EU standards, promoting fair competition and reducing environmental and social harm.

These measures will ensure the reciprocity of standards in the European market, encouraging a shift towards agroecological practices and improving transparency and responsible consumption. Mirror measures should be integrated into EU legislation and make access to imported foodstuffs in EU markets conditional on compliance with European production standards, regardless of their origin and regardless of the existence—or not—of a free-trade agreement with the trade partner.

The ***Vision document*** devotes an entire sub-chapter to aspects of international trade and relations in food-related supply chains. A few elements raised also provide potential for the transition to a more sustainable and climate compatible agriculture and food sector, such as reducing fertiliser imports (which are often based on fossil fuels, which, however, the ***Vision document*** does not explicitly mention) and strengthen domestic production, including “through the support for the uptake of low-carbon fertilisers and recycled nutrients” and their efficient use; also the development of a plan for protein production and use (see above) that can reduce dependencies on more climate harmful imports. The document also states that the EU will work with FAO and international partners to develop a common approach to allow a comparable and fair assessment of sustainability aspects on food production globally, and the Commission will pursue a stronger alignment of production standards applied to imported products, notably on pesticides and animal welfare. These should lead to strengthen standards and production processes of EU trade partners, and not to weaken EU's one, evidently. In the document the Commission also commits to “continue to support third countries in their food sovereignty, resilience and sustainability”, promises the establishment of “new Agrifood policy partnership dialogues” and highlights the role of the EU in promoting sustainability criteria in trade agreements. In that regard the EU promises to reinforce the

implementation and enforcement of Trade and Sustainable Development chapters/provisions, as well as Sustainable Food Systems chapters in a more targeted way, and will also “pay specific attention to the possible impact of EU regulatory policies on local agri-food systems and ensure coherence between EU internal and external policies related to agriculture, environment, climate and health.” Thus, rhetorically, quite a number of the concerns raised are reflected in the Vision document, which, however, has happened before and the big question mark is how this will translate into practice. A more fundamental questioning of the tool of free trade agreements is missing.



Climate Action Network Europe asbl
rue d'edimbourg 26, 1050 Brussels, Belgium
Tel: +32 (0) 28944670, fax: +32 (0) 2 8944680
e-mail: info@caneurope.org www.caneurope.org

Climate Action Network (CAN) Europe

 [@caneurope.org](mailto:info@caneurope.org)

 [@CANEurope](https://twitter.com/CANEurope)

 info@caneurope.org

 [can.europe](https://www.instagram.com/can.europe)

 www.caneurope.org