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Why the EU's new agri-focused Vision matters for the food industry

The EU's vision on Agriculture and Food is clearly farmer-centric. But what s in the document – and equally, what isn t – provides valuable guidance for food manufacturers, traders and retailers about the direction of EU policy towards 2040. With limited guidance on how to achieve emission cuts, the Commission remains open to a range of solutions

Halle, Netherlands

1 Greenhouse gas reduction targets – ambition versus reality

In its long-awaited Vision on agriculture and food, the EU states that the Commission 'expects agriculture to achieve the emission cuts in alignment with the EU's climate target for 2030', but without mentioning the 55% target explicitly. That commitment from policymakers should comfort corporates in the food industry, given that their Scope 3 targets largely rely on progress at farm level.

Still, we remain largely in the dark on exactly how the EU Commission plans to achieve this, aside from the fact that incentives, carbon removals and technological advancements should help to do the trick. And we have doubts on how realistic it is given that the reduction in agricultural emissions currently stands at around -25% compared to 1990. With just five more years to go, projections from the European Environment Agency show that the sector will be falling short of the broader target.

2 Voluntary benchmarking – EU could learn from existing schemes

Rolling out mandatory on-farm benchmarking on sustainability parameters is proving to be a political no-go. Still, the Commission aims to get more farmers engaged in sustainability benchmarking by developing an 'on-farm sustainability compass' with input from various stakeholders. Some food manufacturers have already rolled out such schemes. We see a clear opportunity for these companies to share best practices with policymakers – and in turn, provide valuable input for the Commission's 'Compass'.

3 Generational renewal – farmers of the future

The fates of farmers and food processors are often intertwined. A lack of perspective for farmers could reduce supply and lead to higher prices and excess capacity in production, which is most worrying for companies that depend on a 'local' farm base (like meat, dairy and sugar processors). So if the Commission is taking the lead on a Generational Renewal Strategy to slow down the drop in the number of farmers and the pressure on farm land, that's also positive news for food companies and suppliers of farm inputs.

4 Don't expect any bold or swift action on livestock

It's not surprising that the Commission is promising a long-term vision for the livestock sector, given its economic weight; livestock accounts for a third of EU food exports. However, it also remains the most carbon-intensive part of the agri-food value chain. The direction the Commission takes on this will be crucial, particularly for EU meat and dairy processors. The Vision mentions technological advancements as a solution, including feeding strategies. In our view, that's a signal that policymakers will continue to be supportive of feed additives and other feed based solutions. But for more particular recommendations, we have to await the results from a 'livestock work stream' that still needs to be set up.

5 Emissions Trading System – agriculture not in scope

You can search long and hard for it, but you won't find it in the text. We think it's safe to say this won't be introduced in the foreseeable future.

6 Trade: Directorate-General for Agri's stance on trade creates challenges and opportunities

The Vision takes a tougher stance on the residue levels of the most hazardous pesticides on imported food products like fruits and vegetables, and makes it clear that high EU standards on animal welfare should also apply to imported meat, dairy and eggs. This is supportive for EU farmers as it raises the bar for their competitors. For some EU importers of fruits and vegetables, like citrus fruit, it will require more effort to make sure their suppliers comply.

At the same time, the drive for more reciprocity when it comes to animal welfare standards makes it more complicated to strike trade deals with large meat exporters such as Australia. The Vision also promises a 'comprehensive protein strategy', which would primarily focus on animal feed and reducing dependencies on imports (mainly from South America). This is at odds with the recently agreed EU Mercosur trade agreement and could resurface during the ratification process of the trade agreement, which is expected in the second half of 2025.

7 EU funding: Agriculture faces fierce competition for EU funds

Food security, energy security, safety – they're all important. But when you take into account what the Vision says about public support for agriculture (better targeted) and the broader debate on the next EU budget, it seems quite probable that the share of agriculture in the budget will decrease – especially because energy and defence security are critical issues for the EU. The fact that there is no mention of an Agri-Food Just Transition Fund in the Vision is a clear signal that calls by stakeholders for more public funding are not being answered. As a result, we expect more calls from policymakers to the private sector to step in when it comes to financing.

8 Steering demand: EU delegates responsibility to national governments

As we've indicated previously, there is very little appetite to influence or steer consumer demand at the EU level. Scientists consider a partial shift away from animal-based to plant-based food an effective strategy to make the food system more sustainable – but plant-based food isn't featured in the Vision in any meaningful way. Part of the argumentation is that the main competence lies not in Brussels but with national governments. Since many national governments aren't keen on demand-side policies either, we expect that these tools will largely remain in the toolbox.

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