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Securing Europe's Food Future: Balancing Sustainability, Competitiveness, and Resilience in the Agri-Food Sector

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Executive Summary

Europe's agri-food sector stands at a pivotal crossroads, facing intensifying pressure from ambitious environmental regulation, geopolitical instability, labour shortages, and structural investment gaps. While the EU's sustainability agenda—embodied in the Green Deal and the Farm to Fork Strategy—sets important long-term goals, its implementation risks placing disproportionate burdens on smaller and less-capitalised producers, particularly in Eastern and Southern Europe. At the same time, internal market fragmentation and growing competition from imports produced under lower standards threaten the competitiveness and cohesion of the EU food system. Drawing on the case of Poland, this white paper emphasize the need for a more balanced and pragmatic approach—one that safeguards economic viability while advancing sustainability, strengthens the Single Market through greater regulatory coherence, and prioritises investment in infrastructure and workforce development to build lasting resilience across the agri-food chain.

Key Objectives

- Ensure sustainability measures are economically viable for producers of all sizes.
- Support the integrity of the Single Market through regulatory coherence and fair competition.
- Modernize infrastructure and workforce strategies to build long-term sectoral resilience.

Table of Contents

Introduction

The European agri-food sector stands at a pivotal moment. Long regarded as a cornerstone of the EU's economic, environmental, and rural development goals, the sector now finds itself under unprecedented pressure. From volatile global markets and climate-related disruptions to shifting consumer demands and heightened geopolitical tensions, EU agriculture and food systems are being tested on multiple fronts.

The war in Ukraine has profoundly altered the landscape — reshaping trade flows, triggering a surge in commodity prices, and revealing both the vulnerabilities and the strategic importance of food production. At the same time, the EU's climate agenda — spearheaded by the European Green Deal and Farm to Fork Strategy — is reshaping the regulatory framework, introducing ambitious sustainability requirements that many producers, particularly small and medium-sized enterprises (SMEs), struggle to meet without adequate support.

While the Common Agricultural Policy (CAP) continues to provide critical financial assistance to farmers, questions persist about whether current instruments are fit for purpose in an era of compounded crises. Tensions between short-term competitiveness and long-term sustainability, between open trade and strategic autonomy, are intensifying. For the producers, processors, and enterprises across Europe, we call for a policy approach that balances competitiveness, regulatory predictability, and investment incentives. Sustainability goals must go hand in hand with economic reality — not imposed through top-down mandates that jeopardize jobs, distort markets, and weaken food security.

This white paper is both a warning and a constructive contribution: without a balanced, business-oriented strategy, the EU risks eroding one of its strongest industrial bases. It is time for policies that support — rather than constrain — those who feed Europe.

State of the EU Agri-Food Sector

The European agri-food sector is one of the EU's most strategic assets — economically, socially, and geopolitically. It contributes over €450 billion annually in value added, supports more than 30 million jobs across farming, food processing, logistics, and retail, and plays a vital role in maintaining cohesion in rural areas. The EU is also a global leader in agri-food trade, exporting products worth over €200 billion in 2023.

Yet behind these figures lies a sector under growing strain. Agricultural production costs have surged due to rising energy prices, supply chain disruptions, and inflation in input markets such as fertilizers, feed, and packaging. Food processors and SMEs face tightening margins amid price volatility and regulatory uncertainty. At the same time, the EU's ambition to transform its food system under the Green Deal and Farm to Fork Strategy is placing additional pressure on producers — many of whom lack the capital or administrative capacity to adapt swiftly.

The sector's structure also poses challenges:

- Over 95% of EU farms are classified as family farms, with wide differences in scale, productivity, and income across Member States.
- Labour shortages are acute, especially in harvesting, animal production, and food processing.
- Many regions remain heavily dependent on CAP payments, with limited private investment or access to risk-sharing tools.

Europe's agri-food system remains resilient and innovative, but it cannot continue to absorb shocks without a fundamental rethink of how it is supported and regulated. The following sections explore how EU policies — while well-intentioned — are contributing to mounting tensions on the ground and where realignment is urgently needed.

By the Numbers: EU Agri-Food at a Glance (2023)

€450 billion value added annually

30+ million jobs supported

€200+ billion in agri-food exports

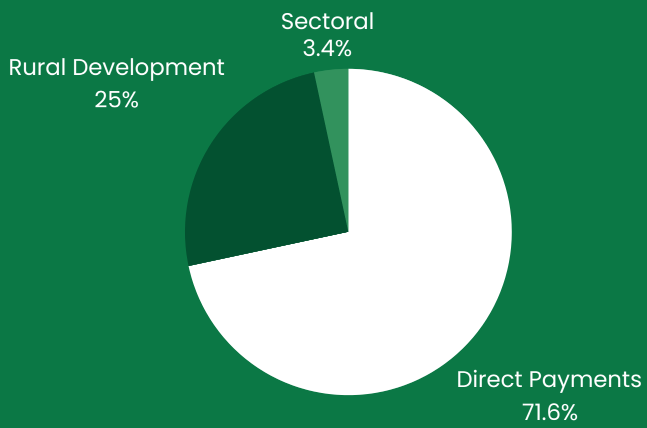
9.1 million farms in the EU

>95% of farms are family-run

30%+ of EU land faces drought risk

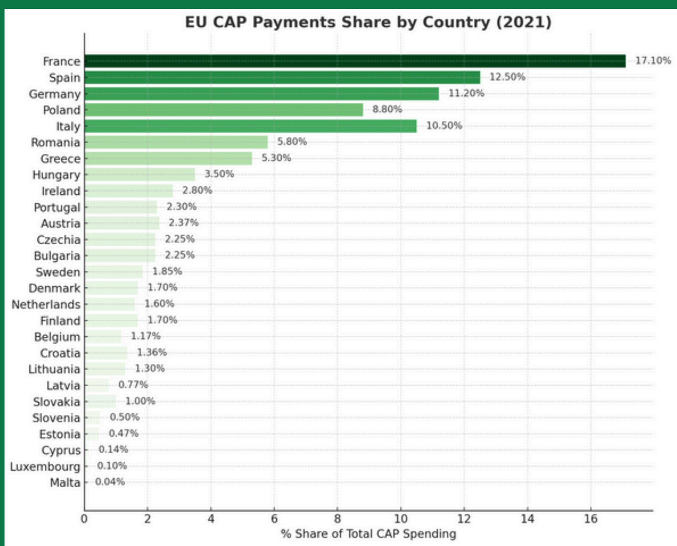
The Common Agricultural Policy (CAP)

The Common Agricultural Policy (CAP) has been the cornerstone of European agricultural development for over six decades. Designed originally to ensure food security and stable farm incomes, it has evolved into a multifaceted tool aiming to balance productivity, rural development, environmental sustainability, and increasingly, climate action. In the 2021–2027 budget cycle, the CAP commands approximately €387 billion, representing nearly one-third of total EU spending — a clear signal of its importance. Yet despite this financial weight, many agricultural stakeholders feel that the CAP no longer serves its original purpose: to support farmers through times of volatility, protect rural livelihoods, and ensure stable food production in Europe.



The latest CAP reform introduced in 2023 marked a shift toward "national flexibility" through CAP Strategic Plans, whereby Member States tailor interventions to local needs. However, this decentralization has in practice produced uneven obligations, delayed implementation, and inconsistent access to funding across borders. Moreover, the increased administrative burden imposed by Good Agricultural and Environmental Conditions (GAECs) and eco-schemes has had a chilling effect on innovation and diversification, particularly in family-run farms that lack technical assistance. According to DG AGRI evaluations, only 25% of eligible land in the EU is currently enrolled in eco-schemes — far below the EU's ambitions. This suggests either a mismatch in design or a lack of incentives, or both.

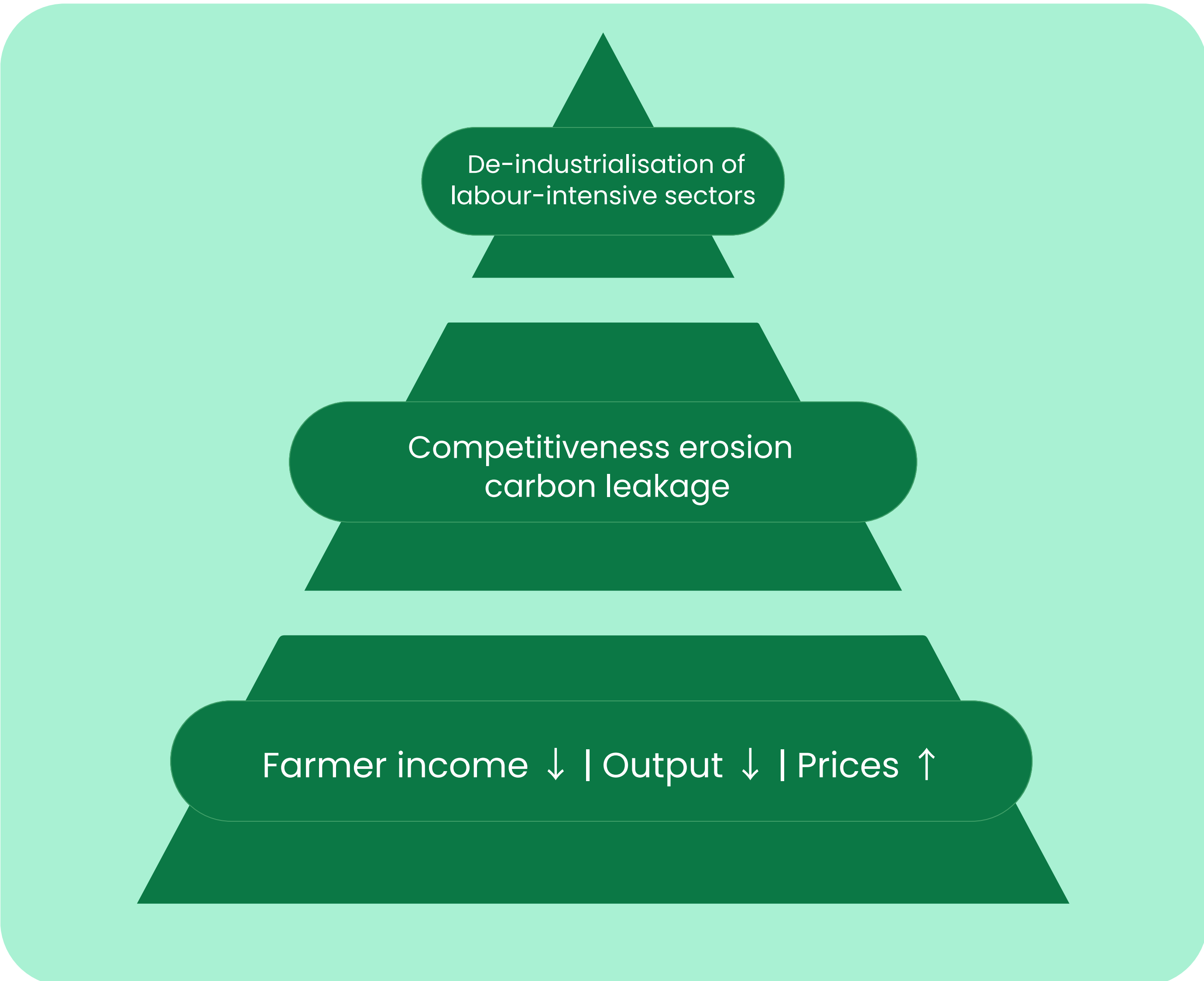
The CAP continues to favor landowners and larger operators in wealthier regions. For example, France, Germany, and Spain together receive more than 40% of direct payments, while smaller Member States often struggle to match national co-financing requirements in rural development programming. Central and Eastern European countries — particularly Poland, Romania, Bulgaria, and Hungary — remain heavily reliant on Pillar I payments (direct support), with limited ability to shift toward long-term investments in productivity, processing, or climate resilience. The average Polish farmer earns earns less than €10,000 per year, compared to over €30,000 in the France, yet the compliance costs for both are increasingly similar. For small farms with fewer than 10 hectares — which make up over 70% of holdings in Poland — CAP requirements are often perceived as disproportionate and detached from operational realities.



The Farm to Fork Strategy

Unveiled in May 2020 as the heart of the European Green Deal, the Farm to Fork Strategy (F2F) represents the EU's ambition to transform the way food is produced, processed, distributed, and consumed. It aims to make Europe's food system "fair, healthy, and environmentally friendly", with wide-ranging targets: a 50% reduction in pesticide use, 20% cut in fertilizer use, 25% share of organic farming, and a 50% drop in antimicrobial sales by 2030. While these objectives are rooted in climate science and environmental necessity, their translation into policy has created significant anxiety within the agri-food sector — particularly among primary producers and food SMEs already grappling with volatile markets, regulatory burdens, and thin margins. The strategy, as currently designed and communicated, risks undermining the very stakeholders it seeks to transform.

One of the central criticisms of the F2F Strategy is the lack of a comprehensive ex ante impact assessment before its legislative rollout. The European Commission initially delayed such an analysis, arguing the strategy was aspirational and would be implemented gradually. However, several independent studies filled the vacuum — and raised alarm bells.
According to a 2021 USDA study, full implementation of the strategy could result in a 12% decline in EU agricultural output, a 17% drop in farmer income, and an increase in food prices of up to 20%, depending on the sector. The Joint Research Centre (JRC) of the Commission confirmed parts of this analysis in its simulations, showing that productivity losses and higher costs could erode Europe's global agri-food competitiveness.



The Farm to Fork Strategy

Meanwhile, stakeholder consultations have repeatedly warned that without realistic transition tools, many producers will be forced to scale down, exit the sector, or reduce product diversity. These voices have largely been sidelined in the narrative around the strategy. The structural changes demanded by F2F — from pesticide substitution to digital traceability — require significant investment in R&D, training, digital infrastructure, and access to new technologies. Yet across much of Europe, especially in rural areas of the Visegrád countries, Romania, Bulgaria, and parts of Southern Italy and Greece, such enabling conditions do not exist. For small producers, the regulatory curve feels impossibly steep. A fruit farmer in eastern Poland or an olive grower in Crete cannot meet the same pesticide and documentation requirements as a corporate-scale farm in Bavaria or the Netherlands. Yet the F2F strategy does little to differentiate or adjust expectations across contexts.

Farm to Fork in Numbers (Targets by 2030):

- 🔻 50% reduction in pesticide use
- 🔻 20% reduction in fertilizer use
- 🌱 25% of farmland organic
- 💊 50% cut in antimicrobials

Producers are expected to pivot to more sustainable models without clarity on:

	Crop Protection	What alternative tools are permitted?
	Digital Technologies	How to access funding and infrastructure?
	Market Absorption	Who will pay more for sustainable food?

The Farm to Fork Strategy

A further concern is that environmental rules under F2F apply only within the EU's internal market. Producers are required to reduce input use and adopt stricter production methods, but continue to compete with imports produced under looser standards, including in key categories such as fruit and vegetables, cereals, and animal feed. This raises the risk of carbon leakage — where production shifts to less regulated third countries, resulting in higher global emissions and undermining EU producers. While the EU has proposed the Carbon Border Adjustment Mechanism (CBAM) for energy-intensive goods, it does not cover food and agriculture — leaving a critical gap. Unless addressed, this policy asymmetry could lead to the de-industrialization of parts of the EU agri-food sector, especially in labor-intensive segments such as horticulture and poultry.

	EU	Global
Input Use	Strict reduction targets (pesticides, fertilizers)	Often no restrictions
Traceability	Mandatory documentation from F2F	**Often lacking**
CBAM	Not applied to agri-food	No penalty for lower standards
Cost of Compliance	High, especially for SMEs	**Not reflected in final price**

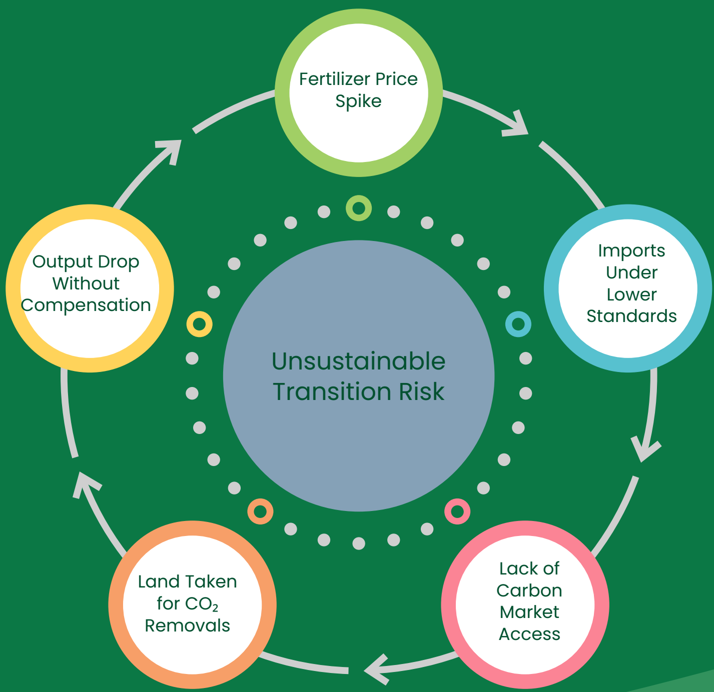
The European Green Deal

The European Green Deal is the EU's flagship climate initiative, setting the bold objective of becoming the first climate-neutral continent by 2050. It lays out a comprehensive transformation across sectors — energy, transport, industry, buildings, and agriculture — and commits the bloc to a 55% reduction in greenhouse gas emissions by 2030 compared to 1990 levels. Agriculture, which accounts for around 11% of EU emissions, is a key pillar of this strategy.

Yet while the Green Deal is visionary in ambition, it is increasingly viewed with caution by agri-food producers. The sector is expected to contribute significantly to emissions reduction while continuing to ensure food security, maintain affordable consumer prices, and uphold international competitiveness. For many actors — especially small and medium-sized producers — the Green Deal feels more like an escalating compliance regime than a coordinated climate transition. It risks placing the burden of decarbonisation on farmers without offering viable pathways, adequate financing, or fair international rules. Unlike energy or industry, where decarbonisation pathways are relatively clear (e.g., electrification, renewable energy deployment), agriculture presents biologically complex, location-dependent challenges. Emissions come from enteric fermentation, manure management, synthetic fertilizers, and land use practices — all of which vary widely across Member States and farm types.

Despite this complexity, the Green Deal's implementation tools — including the EU Climate Law, LULUCF Regulation, and Effort Sharing Regulation — impose top-down national targets without sufficient sector-specific strategies for agriculture. For instance:

- The LULUCF Regulation now requires Member States to remove 310 million tonnes of CO_2 equivalent by 2030 through land use and forestry, which implicitly pressures farmers to shift land away from production.
- Under the Effort Sharing Regulation, Member States must cut emissions from agriculture, transport, and buildings by 40% by 2030 — again without clear instruments tailored to farmers' reality.



The European Green Deal

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It risks placing an unequal burden on rural regions, where fewer alternative job opportunities exist and capital for innovation is limited. Unlike heavy industry, which benefits from the EU ETS and carbon contracts for difference, farmers lack financial buffers, access to carbon markets, or tailored incentives for emissions reduction.

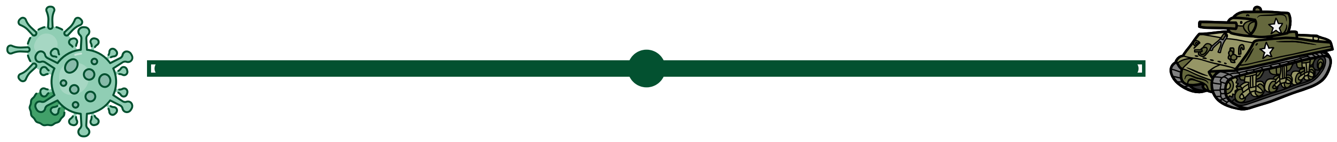
The Green Deal's climate objectives intersect directly with farm economics. Policy-driven reductions in fertilizer use, livestock density, or land availability — without compensation mechanisms — can lead to lower yields, higher unit costs, and reduced global competitiveness.

Despite this, the Green Deal currently provides no protection from environmental dumping — the inflow of goods produced under lower climate, pesticide, or labour standards. Nor does it offer support for trade-exposed sectors, such as poultry, sugar, and fruits, which are already squeezed by tight margins.

Producers are expected to decarbonise and adopt climate-smart practices, but face asymmetric competition from countries not bound by EU rules — a reality that is unsustainable in the long term. If the EU wants its agri-food system to lead the green transition, it must ensure that climate ambition is backed by predictable regulation, competitive safeguards, and investment certainty — not just moral imperatives.

Market Volatility & Geopolitical Shocks

The European agri-food sector operates in an increasingly unstable global environment. Once shaped by predictable seasonal patterns, structured subsidy systems, and relatively stable input markets, European agriculture has entered a phase of permanent disruption. Food businesses now face a convergence of crises: climate change, war, inflation, supply chain fragility, and uncertain global demand. Together, these challenges are eroding producer confidence and disincentivizing long-term planning.



2019 Commodity Prices Surge 2020

Over the past five years, market conditions in the EU agri-food sector have shifted from relatively stable to chronically volatile. The COVID-19 pandemic was the initial trigger, disrupting global logistics and reducing demand in key export markets. Then came Russia's invasion of Ukraine — a country that accounts for more than 10% of global wheat exports, 15% of maize, and over 50% of sunflower oil trade. The war sent commodity prices soaring and created bottlenecks in fertiliser and energy markets. According to Eurostat data, fertilizer prices in the EU increased significantly between early 2021 and mid-2022, with potash prices rising by around 208%, nitrogen by 178%, and phosphorus by 169%.

The EU has mechanisms to respond to agricultural crises, but they are outdated, underfunded, and too slow to deploy. The CAP crisis reserve, intended to help mitigate price collapses or supply disruptions, is limited to €450 million annually — less than 0.8% of the overall CAP budget. This is inadequate to cover major regional shocks, let alone an EU-wide crisis. For example, during the 2023 cereal crisis triggered by oversupply and collapsing prices in Central and Eastern Europe, national governments were left to cobble together emergency support schemes while farmers staged protests.

Moreover, EU-level market monitoring tools (like those operated by DG AGRI and the European Food Security Crisis Preparedness and Response Mechanism) remain diagnostic rather than preventive — they track price trends and issue alerts but have no authority to trigger automatic safeguards or facilitate short-term liquidity injections. The European Investment Bank (EIB), while active in rural finance, lacks a dedicated agricultural shock absorption instrument that could rapidly deploy concessional loans or guarantees during price collapses.

Market Volatility & Geopolitical Shocks

The EU must move beyond reactive responses and invest in a modern risk management toolbox for the agri-food sector. This includes:

- Revenue insurance schemes co-financed by CAP that stabilize farmer incomes against price and yield fluctuations.
- Market stabilization funds for strategic commodities like dairy, cereals, and vegetables, modeled on the US Farm Bill's counter-cyclical support system.
- Digital forecasting platforms that integrate climate, trade, and input trends to guide early policy action.
- Public-private guarantee mechanisms to ensure that banks and cooperatives continue lending to producers even during downturns.

Some Member States, like France and Spain, have experimented with partial income insurance programs — but these remain small-scale, fragmented, and unevenly adopted. A pan-European framework with risk-sharing between the EU, Member States, and private insurers is needed to make coverage universal, affordable, and effective.

Persistent volatility has a chilling effect on investment. This is particularly acute in:

- Modernization of equipment and irrigation systems.
- Adoption of digital technologies and low-carbon farming tools.
- On-farm storage and processing capacity that could increase resilience.

For small- and medium-sized producers — especially in Eastern and Southern Europe — the risk of losing capital in an unpredictable market outweighs the potential gains from innovation. Without a safety net, even climate-smart investments can appear too risky.

Volatility is no longer an anomaly in the agri-food sector — it is the new baseline. Yet EU agricultural policy remains geared toward average outcomes rather than worst-case scenarios. If Europe wants to maintain its food production base, it must shift toward systemic risk management, not just crisis firefighting.

Farmers and food businesses need certainty, tools, and financial buffers to survive and thrive in the face of global disruptions. Strategic resilience is not a slogan — it must be built into the financial architecture of EU agri-food policy.

Regulatory and Sustainability Burdens

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For many European agri-food producers, the promise of a sustainable future has come hand in hand with a rising sense of regulatory fatigue. The EU's green transition — anchored in the Green Deal, Farm to Fork Strategy, Biodiversity Strategy, and a stream of legislative proposals — sets high expectations on agriculture as a driver of climate action. But the pace, scope, and cost of regulatory change is outpacing the capacity of farms and food-related SMEs to adapt. What was once a common regulatory baseline is becoming a complex and fragmented compliance puzzle, with multiple authorities, shifting targets, and conflicting signals.

In the last four years alone, agri-food producers have had to respond to or prepare for new or revised rules in the following areas:

- Sustainable use of pesticides and plant protection products.
- Fertiliser use limits and nitrate directives.
- Animal welfare, including live transport and cage-free targets.
- Farm-level emissions reporting and carbon removals.
- Eco-schemes and conditionalities under the CAP.
- New food labelling requirements (e.g. origin, nutrition, environmental score).
- Packaging and packaging waste directive revisions.
- Corporate Sustainability Reporting Directive (CSRD), which also affects food processors and retailers with upstream reporting requirements.

This accumulation of obligations — often poorly synchronized across Commission departments and Member States — has created an environment where even highly motivated farmers and food businesses struggle to keep up. Many cannot afford to hire sustainability officers or legal consultants to interpret the ever-growing pile of rules. Compliance becomes a question of survival rather than progress.

The EU's principle of subsidiarity means that many directives leave room for national interpretation — but this flexibility has produced a patchwork of uneven enforcement that undermines both business confidence and the single market.

Examples include:

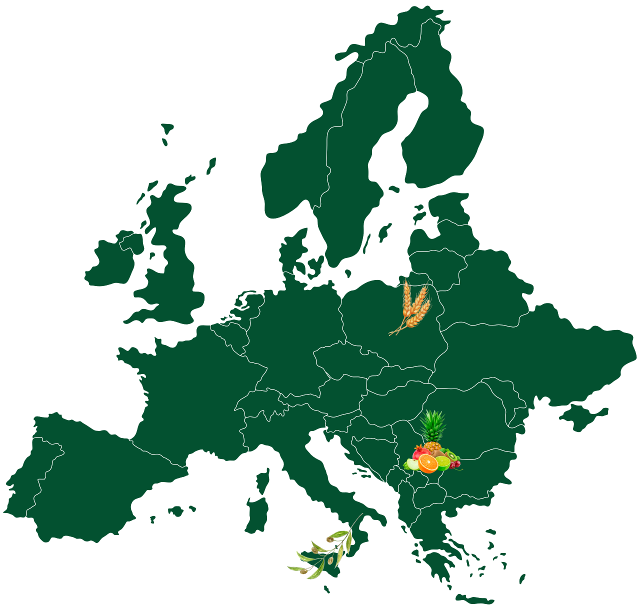
- Packaging rules: While some countries (e.g. Germany, France) have introduced Extended Producer Responsibility (EPR) schemes and eco-modulation fees, others lag behind or apply different thresholds.
- Pesticide restrictions: Some Member States proactively ban active substances ahead of EU-wide decisions, creating sudden market access issues for imported goods or supply bottlenecks for farmers.

A tomato exporter from southern Spain must navigate varying labelling, packaging, and pesticide rules across EU countries like Belgium, Denmark, and Germany, despite the promise of a unified internal market. While the Green Deal and Farm to Fork set ambitious environmental goals — such as halving pesticide use and expanding organic farming — these targets often overlook the economic realities and technological readiness of producers, particularly in Eastern and Southern Europe. Alternatives like biopesticides and precision farming tools remain costly or inaccessible for many, and funding is fragmented and bureaucratically burdensome. Meanwhile, a disconnect between supply-side policy and consumer demand — as seen in Austria, France, and Belgium where organic sales dropped despite rising production — risks burdening farmers with unsellable goods. True sustainability requires a co-designed transition that supports rather than penalizes producers.

Investment Gaps and Infrastructure Bottlenecks

Modern, competitive, and sustainable food production requires more than access to land and labour — it depends on the strength of infrastructure and the availability of long-term investment. Yet across much of the EU, particularly in rural and peripheral regions, the agri-food sector faces a growing investment deficit that constrains productivity, innovation, climate adaptation, and competitiveness. From processing plants and storage facilities to irrigation networks, broadband connectivity, and transport corridors, many parts of Europe lack the physical and financial foundations necessary to modernize the sector. Without addressing this structural bottleneck, the EU will struggle to meet its climate targets, ensure food security, or maintain rural employment — no matter how ambitious its sustainability agenda may be.

A major weakness in Europe's agri-food sector is the lack of localized processing and value-added capacity. In many regions, primary producers must sell raw goods — milk, grain, fruit, meat — to external buyers due to insufficient local processing plants. This limits their ability to capture value, buffer price volatility, or brand regionally protected products.



Examples include:

- Southern Italy and parts of the Balkans, where olive and fruit producers lack pressing and packaging capacity.
- Eastern Poland, where cereal producers cannot access modern milling or grain-drying facilities.

Storage is another critical gap. Without cold storage or silo infrastructure, producers are forced to sell immediately at harvest, often at the lowest prices, rather than storing for higher-margin periods. This not only limits income but weakens market stability. In some border regions, the inability to store and safely transport goods has led to bottlenecks and protest-level tensions, particularly during high import flows or domestic surpluses.

As climate change accelerates, the demand for water management infrastructure is rising. Europe has seen record heatwaves, droughts, and floods in recent years — yet its rural regions remain underprepared.

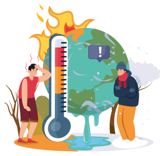
- In Spain, 82% of water withdrawals go to agriculture, but outdated irrigation systems cause 23% water loss.
- In parts of France and Italy, droughts are forcing producers to drill costly private wells or reduce planting altogether.

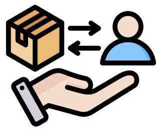
Investment Gaps and Infrastructure Bottlenecks

The EU's CAP eco-schemes and the LIFE Programme offer support for efficient water use — but these are short-term and fragmented solutions. What's missing is a coordinated rural water infrastructure strategy combining public investment, regional planning, and private capital mobilisation.

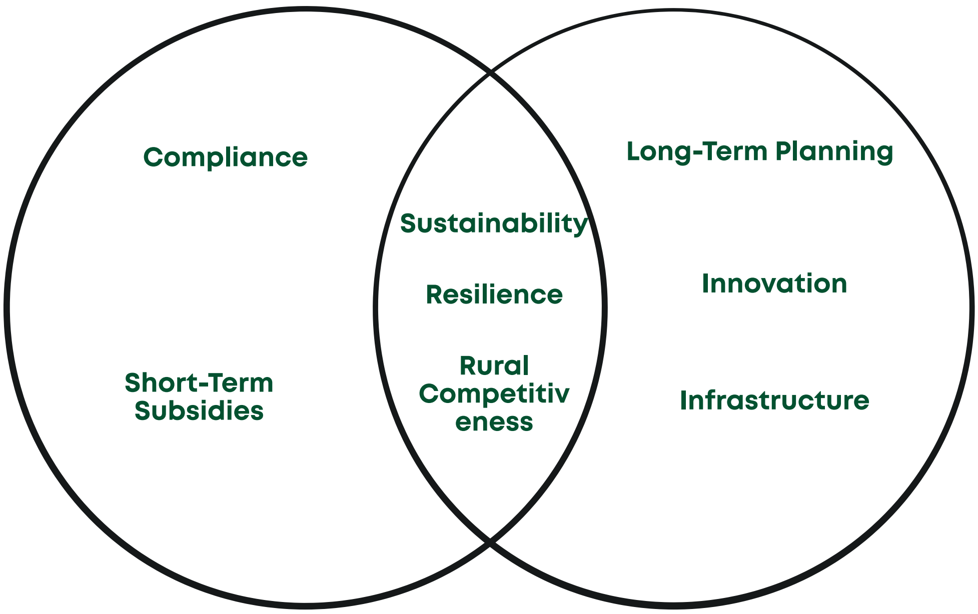
Despite EU-wide ambitions for a digital transition in farming — from precision agriculture to satellite monitoring — the reality on the ground is a stark digital divide.

This limits access to:





- Remote advisory services and e-learning for farmers.
- Market and weather data for planting and harvesting decisions.
- Digital tools to monitor soil, water, and crop health.
- Platforms for direct-to-consumer sales, traceability, and smart logistics.



The result? Many small and medium agri-food businesses — particularly in Eastern and Southeastern Europe — remain cut off from the very tools that EU policy promotes. Unless rural broadband is scaled up rapidly and affordably, digital transformation in agriculture will remain aspirational.

Modern infrastructure and access to finance are not optional for the agri-food sector — they are the foundation of resilience, innovation, and rural vitality. A future-proof EU food system cannot be built on outdated roads, crumbling irrigation canals, and disconnected farms.

Europe must shift from compliance-focused subsidies toward strategic, forward-looking investment — ensuring that agri-food businesses, large and small, can grow, compete, and adapt in a changing world.

Labour Shortages and Generational Renewal

The agri-food sector is one of the most labour-intensive branches of the European economy, yet it faces deep structural challenges related to workforce shortages, ageing demographics, and a persistent image problem among young Europeans. From fields to factories, farms to food processors, employers report growing difficulty in attracting, training, and retaining workers. At the same time, the future of European agriculture is in question due to the shrinking number of young farmers, with many rural areas at risk of social and economic decline. If these trends are not reversed, the EU will struggle to maintain food production capacity, accelerate the green and digital transition, or ensure the resilience of rural communities.

Across the EU, agri-food employers face persistent and widening labour shortages. According to Eurostat, nearly 40% of all farms businesses in the EU report difficulty in finding seasonal or permanent workers — a number that has steadily increased over the last decade. This is particularly acute in sectors such as:

- Fruit and vegetable harvesting (Spain, Italy, France, Greece).
- Dairy farming and livestock management (Poland, Ireland, the Netherlands).
- Food processing and packaging, especially in meat and dairy sectors.

The European Labour Authority (ELA) has identified agriculture as one of the sectors with the highest risk of labour market mismatch, driven by:

- Rural depopulation and a lack of younger, local workers.
- Poor working conditions and seasonality.
- Administrative barriers to hiring migrant or cross-border labour.

During the COVID-19 pandemic, lockdowns and border restrictions exposed just how dependent EU food systems are on migrant and mobile labour, particularly from Eastern Europe and the Western Balkans. Although temporary solutions like "green corridors" helped mitigate disruption, the underlying issue remains unresolved: the sector lacks a structured, legal, and efficient system for labour recruitment, especially for seasonal needs.

While labour shortages in processing and transport make headlines, the deeper challenge lies on the farms themselves. Europe's agricultural population is dramatically ageing. According to the latest Eurostat data:

- 58% of all EU farm managers are over 55.
- Only 11% are under the age of 40.

In some Member States, such as Portugal, Romania, and Bulgaria, over %40 of farms are run by people aged 65 or older.

The reasons are both economic and cultural:

- Entry barriers are high: young farmers face land access issues, credit constraints, and rising input costs.
- Administrative burden and compliance obligations (e.g. eco-schemes, reporting, documentation) make farming unattractive.
- Urban migration trends and a general lack of prestige associated with agriculture discourage career choices in the sector.

Labour Shortages and Generational Renewal

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The CAP Young Farmers Scheme provides some support, including start-up grants and enhanced payments, but uptake remains low. In 2022, only 1.3% of the CAP budget was dedicated to generational renewal — a figure widely seen as insufficient given the demographic cliff the sector is facing.

The EU's push for sustainable and digital agriculture — using drones, AI, soil sensors, and carbon tracking tools — requires a workforce equipped with modern skills. Yet the current educational and training infrastructure is not keeping pace with these demands.

Rural youth and farm successors often lack access to:

- Targeted vocational training in agri-tech, business management, or regulatory compliance.
- On-site apprenticeships and mentorships that would encourage generational transfer of knowledge.

Career mobility pathways within the food chain — moving from farm work to logistics, processing, or entrepreneurship.

EU instruments like Erasmus+ and the Just Transition Mechanism could be harnessed to bridge this gap, but they currently lack focus on the agri-food sector. A coherent strategy is needed to link education, technology, and employment in rural areas — or else the transition to smart agriculture will remain largely theoretical.

Migration is essential to the EU agri-food workforce, yet policy frameworks remain fragmented and risk-averse. Employers across the EU face complex, slow, and unpredictable procedures for hiring non-EU seasonal workers, particularly from countries like Ukraine, Moldova, Morocco, or the Philippines.

A more structured and transparent approach is needed — including:

- Simplified seasonal work permits across Member States.
- Bilateral mobility agreements with key labour source countries.
- Digital recruitment platforms to match supply and demand.
- Decent work standards and housing incentives to improve retention and social inclusion.

Labour Shortages and Generational Renewal

Without labour mobility, the EU will face both productivity losses and mounting rural inequality. Moreover, failure to integrate migrant workers legally and socially may undermine broader social cohesion and policy credibility.

Labour shortages and ageing trends are not just technical issues — they reflect a broader crisis of rural vitality and attractiveness. To reverse this, Europe must invest in:

- Rural housing, transport, and services, making agricultural areas liveable for families and youth.
- Entrepreneurship support in food innovation, agri-tourism, circular farming, and bioeconomy sectors.

Better communication campaigns to rebrand agriculture as a modern, innovative, and essential career path.

A new generation of farmers, food processors, and logistics managers will not emerge without a coherent value proposition: secure income, clear rules, access to land and finance, and dignity in work. Europe's agri-food sector cannot thrive without people — and today, the human capital foundations are eroding. Labour shortages and generational decline must be treated as core strategic risks, not side effects of modernisation.

The EU needs a bold, integrated agenda for skills, succession, and mobility, or risk watching its food systems weaken from within.

Internal Market Fragmentation and Unfair Competition

The European Single Market is one of the EU's greatest achievements, providing freedom of movement for goods, services, capital, and labour. In theory, it offers agri-food producers equal access to 27 national markets, governed by harmonised rules and a level playing field. In practice, however, the internal market for agri-food is under increasing strain. A growing number of national policy divergences, regulatory inconsistencies, and non-tariff barriers are weakening the principles of free trade within the Union — while external competition from countries with lower standards undermines fairness for EU-based producers.
Without urgent action to restore coherence and enforce EU rules, fragmentation will deepen, competitiveness will erode, and businesses will be left navigating an increasingly fractured and protectionist landscape.

In recent years, Member States have introduced a series of uncoordinated national measures that contradict the spirit — and often the letter — of the Single Market. These include:

- Mandatory country-of-origin labelling (e.g., France and Italy), even for processed foods, creating costly relabelling obligations and trade barriers.
- Domestic food sourcing quotas in public procurement, particularly in Central and Eastern Europe. For example, Romania enacted a law in 2016 requiring large retailers to stock at least 51% domestic products (like meat, eggs, dairy, bakery goods, and fruits/vegetables)
- Advertising restrictions or taxes on specific food categories (e.g., sugar, meat, or alcohol) with different thresholds and definitions. Hungary's "public health product tax" (since 2011) is one example of a national tax on high-sugar or high-salt products, while countries like France, Ireland, Portugal, etc., each have their own sugar-sweetened beverage tax designs

Divergent packaging and environmental requirements, such as plastic bans or extended producer responsibility schemes, applied unevenly across Member States. Italy introduced mandatory environmental labeling on packaging (with Italian language disposal instructions) in 2022.

While the European Commission has the legal authority to enforce internal market rules, its enforcement tools remain slow, reactive, and politically cautious. The infringement procedure is often seen as a last resort, taking years to resolve. In politically sensitive areas — such as food labelling, environmental restrictions, or trade in sensitive agricultural goods — enforcement is further complicated by public pressure and national sovereignty claims.

The result is a gradual erosion of trust in the Single Market as a predictable, rules-based system. Businesses increasingly report that national rules matter more than EU rules, creating legal uncertainty and disincentivising cross-border investment.

In the agri-food sector, where margins are tight and perishable goods require fast distribution, any delay or barrier — even if non-tariff — can disrupt business models. This harms both the competitiveness of producers and the efficiency of supply chains.

While internal fragmentation is one side of the coin, the other is unfair external competition. EU agri-food producers must comply with some of the strictest environmental, animal welfare, labour, and food safety standards in the world. Yet they are expected to compete with imports from countries where such rules are weaker or poorly enforced.

Internal Market Fragmentation and Unfair Competition

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Examples include:

- Mercosur countries, where beef, poultry, and soy are produced under far less stringent rules. There are also labor and sanitary differences: industrial beef farming in Mercosur may use more antibiotics or have laxer farm labor oversight than in Europe (though meat exported to the EU must still meet EU sanitary standards at the border).
- Asia and North Africa, where pesticide residues and traceability requirements fall below EU thresholds. For instance, certain pesticides that are banned in the EU (for health or environmental reasons) are still used in agriculture in countries like India or Morocco. Traceability requirements – the ability to track food from farm to fork – are also generally less stringent outside the EU. The EU's rigorous traceability (mandated since the 2002 General Food Law) means extra administrative work for EU producers, whereas competitors in countries with looser traceability rules may save on those costs.

Processed foods imported from countries without carbon pricing, sustainability reporting, or packaging restrictions. For example, carbon pricing and climate measures – the EU has increasingly strict climate policies (like the carbon ETS system) that indirectly raise costs for food processing (through higher energy prices, etc.), whereas competitors from, say, the US or Asia do not face an equivalent carbon cost in their home country.

This asymmetry is not theoretical — it has real consequences. The EU's agri-food trade deficit with third countries in certain product categories (e.g. fruits, vegetables, proteins) is growing, particularly where environmental and labour costs are high.
Moreover, many EU trade agreements — though promoting tariff reductions — do not require full alignment on sustainability standards, putting domestic producers at a systemic disadvantage. While the EU has launched the Carbon Border Adjustment Mechanism (CBAM) for energy-intensive sectors, it does not cover agriculture or food, leaving the sector exposed.

To restore fairness and cohesion in the agri-food Single Market, the EU must:

- Strengthen surveillance and enforcement of national measures that distort trade or violate harmonisation.
- Fast-track infringement procedures in sensitive economic sectors such as food.
- Promote regulatory cooperation and mutual recognition between Member States in areas like labelling, packaging, and sustainability compliance.
- Introduce mirror clauses in trade agreements and consider extending CBAM principles to food and agri products.
- Provide SME-focused legal guidance and compliance tools to navigate national differences until harmonisation improves.

The European Commission must play a more assertive role in defending the Single Market — not just for industry, but for farmers, cooperatives, and agri-food entrepreneurs whose business models rely on free movement and equal treatment.
Internal market fragmentation and unfair external competition are two sides of the same coin. Both weaken the ability of Europe's agri-food system to compete globally, meet high standards, and serve consumers affordably.
If left unaddressed, the EU risks turning its most valuable achievement — the Single Market — into a patchwork of barriers and loopholes. A rules-based, integrated market must be restored as the foundation of a competitive, sustainable, and united European food system.

Case Study: Poland A Regional Power Facing Structural Strain

Poland stands as a pillar of Europe's agri-food production. With its vast rural economy, strong export base, and position at the EU's eastern frontier, Poland is not only a key contributor to food security within the bloc — it is also a testing ground for EU policy coherence, investment strategies, and the socioeconomic balance between green ambition and economic reality.

Poland's experience illustrates both the strengths and vulnerabilities of the current EU policy framework. It is a regional success story in terms of production growth and rural employment, but one now facing structural limits: rising regulatory pressure, mounting farmer discontent, investment gaps, and growing strain on competitiveness.

Poland in the EU Agri-Food Landscape

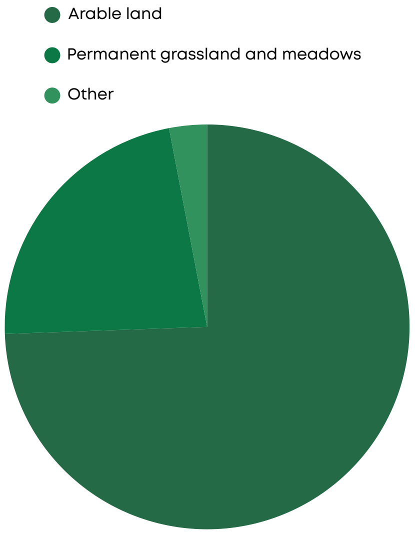
Poland ranks among the top five EU producers in multiple sectors:

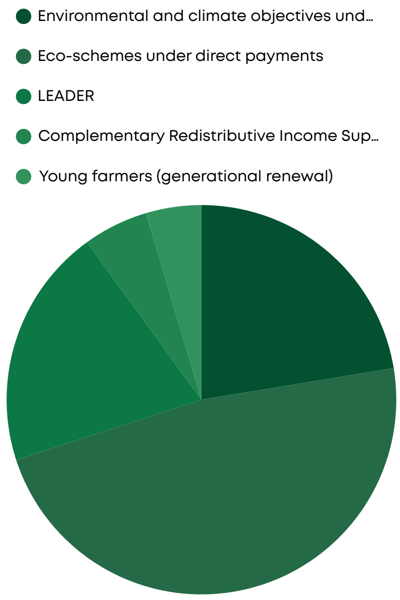
- #1 in poultry production, with over 3 million tonnes annually, accounting for more than 16% of EU output.
- #1 in apple production, with nearly 4 million tonnes, representing 30% of the EU total.
- #3 in cereals, particularly wheat, rye, and triticale, with production exceeding 30 million tonnes.
- #4 in dairy, with a rapidly growing export sector.

Case Study: Poland A Regional Power Facing Structural Strain

In 2023, Poland achieved a record milestone, exporting agri-food products worth $54.83 billion, an 8.1% increase from the previous year, as reported by the Polish National Support Center for Agriculture. The trade surplus has more than doubled since 2015, making agri-food a core component of Poland's export economy and rural employment strategy.

With over 1.3 million farms (nearly 30% of the EU total), Poland covers an area of 312 700 km² of which 51.2% is rural and further 39.5% is intermediate. Approximately 31% of the Polish territory is covered by forests. Of the 14.5 million hectares of utilised agricultural area, 74.7% is arable land and 22.5% is permanent grassland and meadows. The total population is 37.5 million – of which 39% live in rural Areas. This fragmented structure gives Poland a unique socio-economic profile and requires tailored policy support.





Heavy Dependence on CAP, Uneven Access to Investment

Poland remains one of the largest recipients of Common Agricultural Policy (CAP) funds — receiving nearly €25 billion for the 2023–2027 period. Direct payments (Pillar I) play a critical role in stabilizing farm income, particularly for small and mid-sized producers. Yet Poland's use of Pillar II (rural development and investment) funding remains uneven. Access to modernisation grants, processing support, or green infrastructure investment is hindered by:

- Administrative bottlenecks and application complexity.
- Limited co-financing capacity among smallholders.
- Weak advisory services and lack of pre-financing instruments.

While the EU promotes a transition toward high-value and climate-smart agriculture, the financial and technical capacity of Polish farmers to implement such a shift remains limited. Many struggle to invest in storage, digital tools, or sustainable inputs without accessible credit or simplified EU programmes.

Case Study: Poland A Regional Power Facing Structural Strain

Infrastructure Gaps and Logistics Constraints

Despite being one of Europe's top producers, Poland faces critical bottlenecks in its agri-food value chains:

- Insufficient cold storage and transport infrastructure in key horticultural zones. Poland's agri-food exports reached an all-time high in 2023, up over 8% year-on-year to about $54.8 billion (approx. €51 billion), and this surge is straining existing cold-chain logistics.

- Underinvestment in irrigation and water management systems, especially in drought-prone areas. Poland's agriculture remains highly rain-fed, with very limited irrigation in place. Less than 1% of Poland's agricultural land is equipped for irrigation.

- Uneven digital connectivity in rural regions, limiting adoption of precision farming and e-commerce.

The gaps weaken Poland's competitiveness, particularly for perishable goods and value-added products. While private investment is growing, many SMEs lack the capital or legal certainty to take risks — a challenge worsened by inflation and market instability.

Strong Potential for Value-Added Growth

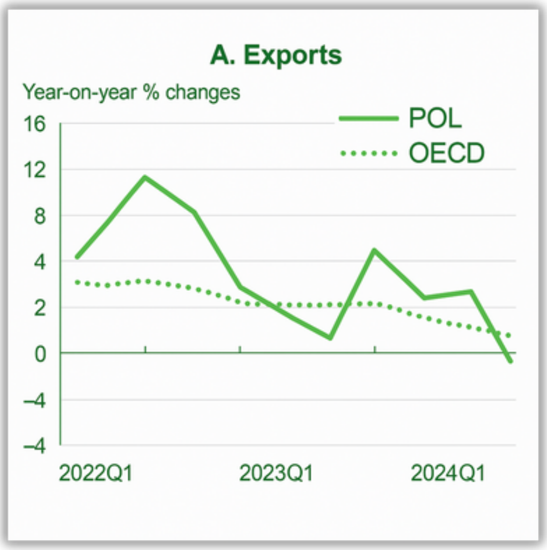
Despite these challenges, Poland remains well-positioned to lead in value-added and sustainable agri-food development, especially if regulatory and investment conditions are improved. Key opportunities include:

- Expanding its processing and export capacity in poultry, dairy, and fruits.

- Strengthening regional food branding through geographical indications (GIs).

- Developing bioeconomy sectors (e.g. bioenergy, agri-waste reuse).

- Scaling up agri-tech startups and cooperatives via public-private innovation partnerships.



Success, however, depends on an enabling policy environment: stable rules, accessible funding, and regional infrastructure support.
Poland's experience is emblematic of the broader tensions in EU agri-food policy. It represents the success of EU enlargement and CAP support — but also the fragility of rural competitiveness when regulatory ambition outpaces support mechanisms.
If the EU wants to maintain cohesion and resilience in its food system, countries like Poland are supported, not sidelined, in the transition to sustainability. Otherwise, the costs of discontent and fragmentation may outweigh the benefits of integration.

Recommendations

To restore balance between sustainability, competitiveness, and food security, the EU must rethink how it supports the agri-food sector during this period of transformation. This white paper has identified critical gaps in regulation, investment, market functioning, and strategic coherence. The following recommendations offer a path forward — grounded in economic realism and designed to support the long-term vitality of Europe's food system.

1. Make Sustainability Economically Viable

The EU must move from target setting to tool building. Environmental and climate goals must be paired with practical mechanisms that allow farmers and food businesses to transition without sacrificing viability.

We recommend:

- Scaling up eco-scheme funding under the CAP and simplifying eligibility for SMEs and cooperatives.
- Fast-tracking approval and deployment of alternative inputs (e.g. biopesticides, low-emission fertilisers, drought-resistant seeds).
- Rolling out carbon farming schemes with clear accounting rules and tradable credits.
- Introducing transitional funding instruments for regions and sectors most affected by regulatory change.

Without clear incentives and support tools, sustainability will remain out of reach for many operators — especially those outside the largest or most capitalised segments of the market.

2. Reinforce the Internal Market and Regulatory Consistency

The integrity of the Single Market must be protected as a matter of economic security. Regulatory fragmentation across Member States undermines competitiveness, increases costs, and erodes trust in EU policymaking.

We recommend:

- Establishing a dedicated agri-food internal market observatory to monitor national divergence and recommend harmonisation actions.
- Requiring impact assessments for all new sustainability-related agri-food rules at both EU and national levels — including SME impact statements.
- Promoting mutual recognition of labelling, packaging, and product standards where harmonisation is not feasible.
- Increasing Commission enforcement capacity to address non-compliant national measures that distort trade.

A truly sustainable food system cannot exist in a fractured market. Consistency, clarity, and enforcement must be at the heart of future reforms.

Recommendations

3. Modernise Agri-Food Investment Instruments

To remain globally competitive, Europe must address the chronic underinvestment in infrastructure, processing, logistics, and digital tools that hold back agri-food productivity and innovation.

We recommend:

- Creating a dedicated EU Agri-Food Investment Facility, blending public funds (CAP, Horizon, InvestEU) with private capital to support processing, storage, irrigation, and tech adoption.
- Offering simplified financing access for SMEs and cooperatives, including lower co-financing rates, fast-track approvals, and advisory support.
- Mainstreaming agri-food priorities within national Recovery and Resilience Plans and cohesion policy funding.

Modern infrastructure and financial flexibility are essential to unlocking green and digital innovation across rural Europe.

4. Address Labour and Skills Challenges with a Strategic Workforce Plan

The EU must treat labour shortages and generational renewal as core priorities. Without a skilled, mobile, and motivated workforce, no sustainability or productivity goals can be met.

We recommend:

- Launching a European Agri-Food Workforce Strategy with clear targets for skills development, generational renewal, and labour mobility.
- Expanding vocational and apprenticeship programmes through Erasmus+, national VET systems, and CAP-funded rural training.
- Creating legal, fair, and efficient channels for seasonal and migrant worker recruitment in agriculture and food processing.
- Increase succession planning tools to facilitate farm transfers to young farmers, including land-matching platforms and tax incentives.

A future-proof agri-food system must be people-centered. Skills and workforce capacity must be invested in — not assumed.

Recommendations

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5. Reinforce Risk Management and Resilience Tools

The EU must shift from reactive crisis support to a modern agricultural risk management system, capable of addressing market shocks, climate impacts, and trade disruptions.

We recommend:

- Introducing an EU-wide income stabilisation tool, co-financed by CAP and Member States, to protect against price volatility.
- Expanding access to climate and yield insurance, including subsidies for premiums and incentives for participation.
- Developing strategic reserves and forward contracts for key commodities (e.g. grains, dairy, animal feed).
- Supporting climate adaptation investments (e.g. water storage, crop diversification) through simplified, fast-track rural development funding.

If food security is a strategic priority, resilience must be embedded into the financial and policy framework that governs the sector.

6. Enhance Dialogue and Governance

Policy that is made without the input of those it affects is unlikely to succeed. The EU must restore trust through meaningful stakeholder engagement and multi-level dialogue.

We recommend:

- Creating a Permanent Agri-Food Competitiveness Forum at the EU level, bringing together farmers, businesses, policymakers, and researchers to assess the impact of reforms.
- Requiring early stakeholder consultation in all new Green Deal-related policy proposals.
- Supporting regional agri-food platforms to tailor EU tools to local realities and innovation capacity.

The transition to a sustainable and resilient agri-food system must be co-designed — not imposed.

Conclusion

The time for rhetorical commitments is over. Europe's agri-food system is at a crossroads, and the next set of decisions will determine whether it remains globally competitive, socially rooted, and environmentally responsible — or drifts toward decline and fragmentation.

The EU must embrace a new model: ambitious in vision, but grounded in economic realism and operational feasibility. Only then can it secure a food system that delivers for producers, consumers, and the planet alike.

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