

Thematic Group on “Just Transition in the Agri-Food System: the role of the CAP”

Background paper

March 2026



Funded by
the European Union

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1. Introduction and context

European agriculture stands at a critical juncture. The sector faces mounting pressures from climate change, biodiversity loss, volatile markets, and social inequalities, all of which threaten the resilience of farming communities and the sustainability of food systems. A new systemic approach is needed – one that combines environmental ambition with social fairness and economic viability and allows the agri-food system to become more resilient to these shocks, while operating within planetary boundaries.

Achieving the necessary scale of transformation requires significant change, carried out in a fair and equitable way. The concept of a Just Transition seeks to ensure that environmental and climate objectives are achieved in a way that is also socially fair, economically viable and inclusive. The concept has been used most frequently in relation to climate and energy policy¹, but is increasingly applied to agriculture and agri-food systems². It requires an integrated, coordinated and holistic approach to policy design and implementation to address environmental, economic and social needs in a coherent and equitable way. Participation of all those affected in finding solutions is an essential component of the concept, with a strong emphasis on ensuring that marginalised voices are heard and that transition pathways leave no-one behind.

The CAP can play an important role in supporting a just transition in the agri-food system, however, it cannot provide all the solutions alone. Other policies, stakeholders, and market-based initiatives, such as trade policies, value chain actors, emerging market mechanisms, and private investment and financing must also play their part. To be effective, these efforts need to be aligned and work together in an integrated and coherent way.

This Thematic Group (TG) will serve as a platform to explore how fairness and sustainability can be embedded into the implementation of the CAP and related instruments, both in the current period and in the future. It will examine ways to address climate and environmental needs without increasing social or economic inequalities, so that farmers, rural communities and upstream and downstream actors are supported to build resilience, and that no one is left behind. The TG builds on previous strands of work across the EU CAP Network on the agri-food chain, where many discrete elements of the Just Transition have been discussed by a range of experts from across the EU.

¹ For example, the introduction of the European Commission's [Just Transition Mechanism](#).

² For example, European Commission (2024) [Transition Pathway for the Agri-Food Industrial Ecosystem](#),; and European Economic and Social Committee (EESC) (2024) [A just transition to ensure a sustainable future for EU agri-food systems](#).



This background paper provides a brief introduction to the various aspects that should be considered in order to achieve a Just Transition in the agri-food sector, identifies the most common challenges and enabling factors faced and the role that the CAP can play in supporting the changes required.

2. The main building blocks of a Just Transition for the agri-food system

The agri-food system encompasses all private and public sector operators through the food value chain, from producer to consumer. This includes the producers, as well as the upstream and downstream actors, such as the suppliers of inputs (e.g. fertilisers, pesticides, animal feed, energy etc) as well as those involved in manufacturing, processing, retailing, packaging and transportation.

A Just Transition of the agri-food system will rely on a balance between producing high quality, affordable food and reducing the sector's environmental footprint. To achieve this requires a range of interlinking aspects to be addressed, as follows:

1. **Fair distribution of costs, benefits and support** so that the burden of adopting new practices does not fall disproportionately on those with the least capacity - often smaller farms, certain regions, and vulnerable value chain actors - and ensuring the just distribution of profits through the supply chain,
2. **Sustainable competitiveness** to increase business resilience, ensuring farming remains economically viable and socially sustainable while shifting to more environmentally and climate friendly production methods.
3. **Meaningful participation and dialogue** so that all relevant actors have a voice in shaping the transition and have the capacity to enable this to happen.
4. **Social justice, including fair working conditions and workers' rights and generational renewal** across the food chain. This encompasses not only better working conditions for all those working in the sector, but also attracting younger generations, making rural places more socially resilient
5. **Consumer aspects**, such as ensuring food is affordable and promoting food environments that make healthy and sustainable choices the easy choices to make for consumers. The One Health approach is also relevant here, with a focus on sustainably balancing and optimising the health of people, animals and ecosystems.
6. **Investment and funding** to support the transition, such as that available through the CAP, as well as private investment and financing. Any support should be targeted to make sure it reaches those who need it most, as well as accessible. Information on the range of



financial options available including financial instruments should be made available and actively promoted.

7. **Skills, advisory support and access to innovation to enable people to adapt.** This includes education, advisory services, greater use of digital tools (e.g. AI to support analysis and decision making in range of areas, such as optimising farm inputs), as well as increasing awareness and knowledge of opportunities such as protein diversification, circular bioeconomy, new technologies.

These seven elements show the importance of taking a systems approach to Just Transition to encompass the environmental, technical, economic and social aspects of interlinked activity areas as well as to take account of the interdependence and connections of all actors along the value-chain.

3. Challenges and enabling factors to support a Just Transition

To support a just transition in the agri-food system a number of challenges must be addressed and overcome. The following list is drawn from the European Commission transition pathway, developed in conjunction with stakeholders, the 2024 EESC report as well as the responses to the Expression of Interest (Eoi) for the TG.

- **Economic volatility:** driven by climate-induced losses, price fluctuations in energy and fertilisers, and global market competition, which can significantly impact farmers' income. Food prices are also high and subject to volatility making food affordability an issue.
- **Economic vulnerability, particularly of small and medium-sized farms,** which can struggle to absorb the high costs associated with investments in new technologies and compete on economies of scale with other larger producers.
- **Market imbalances:** Low farm-gate prices and the dominance of large retailers make it difficult for farmers to pass on the costs of sustainable practices. This is combined with a low consumer willingness to pay for the "true cost" of sustainability.
- **Knowledge and skills gaps:** There is a lack of technical knowledge and digital skills among farmers, along with a lack of understanding of how biodiversity and climate health directly benefit long-term agricultural productivity and resilience. Also identified was an uneven access to advisory services across different regions.
- **Governance and administrative burden:** Policy fragmentation between agricultural, environmental and health and food safety authorities leads to incoherent implementation. High administrative complexity is seen as having a disproportionate effect on smaller producers.



- **Social & demographic issues:** Challenges include poor working conditions / work-life balance, an aging farming population (lack of generational renewal), rural depopulations as well as access to and competition for land.

Some of the solutions identified to overcome these challenges identified were:

- **Policy architecture alignment:** Aligning the CAP (Common Agricultural Policy) with broader climate, health, and cohesion policies to avoid conflicting objectives.
- **Cross-sectoral governance:** Establishing mechanisms that ensure more collaborative governance to improve complementarity between payments, regulations, and investments across different government departments.
- **Support environmental and climate practices and develop place-based strategies:** Greater support for practices that encourage the integration of ecosystem services into agri-food systems, as well as the development of localised strategies through multi-actor platforms that consider specific regional needs.
- **Tailored support for the vulnerable:** Explicitly embedding support for small farms, extensive systems, and young farmers into the design of transition programmes.
- **Fair value chains:** Improving market transparency and ensuring that the economic benefits of the green transition are shared fairly with primary producers.
- **Strengthened advisory services:** Enhancing Agricultural Knowledge and Innovation Systems (AKIS) to provide farmers with the specific skills and confidence needed to adopt new practices and technologies as well as improving awareness about available funding and financing options. Public awareness raising is also necessary to promote the consumption of local, healthy and sustainably produced food.
- **Simplification:** reducing administrative complexity and making digital tools more accessible.
- **Inclusive co-design:** Involving the research community and farmers directly in policymaking (co-designing CAP measures) to ensure rules are practical, realistic, and socially acceptable.
- **Adaptive management:** Implementing robust monitoring and evaluation systems that integrate both environmental and socio-economic indicators to allow for policy adjustments based on real-world results.

4. The role of the CAP

The CAP is an important source of funding for supporting the actions required for a Just Transition in the agri-food sector. However, it cannot be seen in isolation. It operates in conjunction with a range of other relevant EU and national strategies and policies and its implementation therefore must be aligned and coherent with the goals, objectives and targets set out in these. Some of the EU level strategies of most relevance are set out in the diagram below.



In addition to these are stakeholder engagement platforms, such as the [EU Agri-Food Platform](#) and other means of ensuring collaboration between relevant actors, such as the EU Code of Conduct on Responsible Food Business and Marketing Practices launched in 2021 to gather sustainability pledges from food operators.



Figure 1: Selection of EU strategies and action plans that are relevant for the Just Transition for the agri-food sector

Within the CAP there is a range of rules and tools that are available in the 2023-27 period that can help support the Just Transition. These include:

- **Conditionality requirements** – providing minimum standards of good agricultural and environmental condition to which all farmers must adhere to receive all area based payments on their land;
- **Environmental and climate management payments**, under eco-schemes and agri-environmental climate measures to incentivise environmentally-friendly practices on farms;
- **Investment support** not only for competitiveness but also for environmental and climate purposes;
- **Compensatory Redistributive Income Support**, designed to ensure a fairer distribution of direct payments by enabling funds to be redistributed from larger to smaller or medium-sized farms;
- **Support to young farmers**, for example through top up payments to their direct payments (Complementary Income Support for Young Farmers), through start-up grants or financial instruments as well as higher percentages of EU support for investments;



- **Payments for small farmers**, a simplified income support intervention provided as a lump sum for farms under a certain size, as determined by Member States, to reduce the administrative burden for beneficiaries as well as Managing Authorities.
- **Payments for cooperation**, which can focus on a range of activities, including support for producer organisations or groups, promotion and support for quality schemes, prepare and implement Leader activities, as well as other forms of cooperation, which can include those required for environmental land management.
- **Support for advice, knowledge exchange and training** which can cover all objectives of the CAP, including the transition to more sustainable production methods.

Financial Instruments are also available within the CAP. These are investment tools - primarily loans, guarantees, and equity funds - designed to improve access to finance for farmers and rural businesses and offer better conditions, such as for example lower interest rates or lower collateral requirements. They can be linked to green investments, as well as supporting the setting up of young farmers, amongst other things. [Fi-compass](#) provides a platform to support the use of financial instruments within different Funds, including the CAP.

The Common Market Organisation (CMO) regulation also includes a derogation to the prohibition of anti-competitive agreement which allows, under certain conditions, sustainability agreements concluded between primary producers and other actors in the food value chain aimed at achieving higher sustainability standards than those required by law (Article 210a).

Looking ahead to the 2028-2034 period, the CAP proposals have continued many of these tools into the future, with a few changes – for example it is proposed that income support to farmers will be more targeted to those in need than currently. One new development is the proposal to introduce a new measure to accelerate the transition towards more sustainable and resilient production systems. This would allow for both payments for land management activities as well as investments and will be very relevant to help support action for a Just Transition from the production side. These proposals are subject to ongoing inter-institutional negotiations.

5. Relevant findings from previous TGs and other useful resources

EU CAP Network resources that may be useful to inform the discussions of the TG include:

Findings from CAP implementation Thematic Groups:

- [Sustainability Agreements in the Agri-Food Supply Chain \(2022\)](#)
- [Strengthening the position of farmers in the organic food supply chain \(2022\)](#)
- [Rural Youth Employment: The voice of rural youth \(2023\)](#)
- [Generational Renewal \(2025\)](#)
- [Enhancing biodiversity on farmland \(2025\)](#)
- [Economic Vulnerability of Farming \(2025\)](#)
- [Improving Water Resilience \(2025\)](#)



- [Unlocking the potential of cooperation](#) (2025)
- [Farm Diversification](#) (2026)
- [Sustainable and competitive livestock systems](#) (2026).

Findings from past TGs that are relevant to the Just Transition discussions are set out below:

- Encouraging young people into employment, supporting generational renewal in agriculture and empowering farmers to be sustainable and resilient in the long term requires: access to basic services and family facilities; access to land and affordable credit; education, training and skills development; better communication about existing opportunities and support schemes; access to digital tools; financial support for sustainable practices; improvements to work-life balance; changing the public perception of farming; fair access to markets, local food systems; and cooperation with local stakeholders.
- Addressing economic vulnerability in farming involves strengthening farm resilience; reducing vulnerability to income fluctuations through the use of risk management tools; improve the targeting of support; reducing administrative burden; and sharing good practices and business solutions between actors within and between Member States.
- Some of the solutions to the challenges faced in achieving sustainable and competitive livestock systems include: improving access to finance and land; creating new business models; making consumers aware about the true cost of food and reflect externalities in food prices through the value chain; bans on below cost selling, greater cooperation; and greater stability in policy frameworks.
- Achieving meaningful shifts in addressing environmental and climate challenges requires changes in farmers' mindsets, supported by knowledge exchange; stable funding over the long-term which involves a mix of measures, combining investments with agri-environmental type payments; and collaboration between land managers to promote action at the landscape scale.
- The next CAP could focus on new tools to tackle market volatility and increased input costs alongside lasting policy measures, standards and requirements for supportive payments and incentives, to farming in vulnerable rural areas. These tools could also signal the introduction of an equitable sharing of costs throughout the value chain, with EU oversight helping ensure fair returns for all stakeholders, particularly producers.
- Cooperation, particularly for small farmers, is essential in supporting viable prices, increasing confidence among all market participants, increasing producers' bargaining power and providing for innovative marketing opportunities.
- Ensure that consumers understand fully what they are paying for, and that they are aware of and understand how sustainability agreements can support the transition to sustainable food.
- Ensure that the value chain has robust, credible, fair and transparent sustainability standards in place that can build trust between businesses and consumers through effective communications and clear labelling

EIP AGRI Focus Groups on relevant topics:



- [Production of protein crops under climate change](#) (2025)
- [Innovative on-farm energy production systems](#) (2026)
- [Regenerative agriculture for soil health](#) (2024)
- [New entrants into farming](#) (2016)

Findings from EU CAP Network publications, such as:

- [Livestock, 2040 climate targets and the CAP: it's a numbers game](#) (2025),
- [Transforming agriculture through sustainable supply chains](#) (2025)
- [Assessing generational renewal in the agricultural sector](#) (2025)
- [Measuring what matters – Approaches to netting out CAP impacts](#) (2025)



Disclaimer

This document has been developed as part of the work carried out by the CAP Implementation Contact Point under the EU CAP Network to support the activities of the Thematic Group (TG) on Just Transition in the Agri-Food System: the role of the CAP. The information and views set out in this document do not necessarily reflect the official opinion of the European Commission.

