Agora Agriculture

CONSULTATION

A competitive animal agriculture that performs for the climate and animal welfare in a diversified protein future

Response to the European Commission's call for evidence on an EU strategy for livestock – April 2026

Content

This response by Agora Agriculture to the call for evidence for an *EU strategy for livestock,* dated 10 April 2026, presents perspectives based on the studies: *The future of land use and food in Germany*[1], *Agriculture, forestry and food in a climate neutral EU*[2] and *Towards food policies that support healthy and sustainable consumption*[3]. Please consult these studies for further details and references.

1 Agora Agrar (2026): Die Zukunft von Landnutzung und Ernährung in Deutschland. Wie Wettbewerbsfähigkeit und Nachhaltigkeit in Land- und Forstwirtschaft vereinbar sind. https://www.agora-agrar.de/publikationen/die-zukunft-von-landnutzung-und-ernaehrung-in-deutschland

2 Agora Agriculture (2024): Agriculture, forestry and food in a climate neutral EU. The land use sectors as part of a sustainable food system and bioeconomy. https://www.agora-agriculture.org/publications/agriculture-forestry-and-food-in-a-climate-neutral-eu

3 Agora Agriculture and IDDRI (2025): Towards food policies that support healthy and sustainable consumption. Country case studies and the role of EU food policy. https://www.agora-agriculture.org/publications/towards-food-policies-that-support-healthy-and-sustainable-consumption

Introduction

Planning security for livestock farmers and other value chain actors is key to attracting **investments into future-proof animal farming systems** across the European Union (EU). It requires a predictable policy environment based on a long-term vision. This vision must outline a pathway towards a competitive livestock sector that enhances its contribution to societal objectives.

We highlight the need for climate-efficient animal agriculture with a high level of animal welfare. In the coming years, agriculture must **increase its contribution to the EU's climate targets** and the EU's commitment to reduce methane emissions by 30% by 2030 under the **Global Methane Pledge.** About two-thirds of the EU's greenhouse gas emissions from agriculture come from animal farming, which is also the largest source of methane emissions in the EU. In response to advancing scientific evidence and societal demands for greater animal protection, **animal welfare requirements** will evolve over the coming years and decades.

This makes it important to start building **climate-efficient and high-welfare animal farming systems of the future.**

The European Commission's work on an EU Livestock Strategy, coupled with a Protein Action Plan, presents an opportunity to propose economically viable pathways for combining animal welfare with climate-efficiency while advancing efforts to **diversify protein intake in human diets. Strengthening the long-term economic viability of the sector will also involve creating economic diversification opportunities** for livestock farmers, including developing new food value chains and the bioeconomy.

We propose **four interlinked policy approaches** to help guide both **EU and national measures:**

1. Enhance animal welfare through updated EU standards and long-term incentives,
2. Incentivise greenhouse gas reduction measures in animal agriculture,
3. Promote the conservation and sustainable management of permanent grasslands,
4. Advance a value chain approach to protein diversification.

1 Enhance animal welfare

Improving animal welfare involves providing more space for animals, creating diverse environments adapted to each species, providing outdoor access, and giving animals greater opportunities to express natural behaviours. Measures include converting existing and constructing new **animal welfare-friendly stables** and providing reliable, long-term support for **ongoing animal welfare costs.**

Implementing this in practice requires:

1. Updating EU animal welfare standards drawing on the latest scientific evidence,

2. Securing public funding for investments in animal welfare-friendly stables and for covering operational costs,
3. Introducing an EU-wide mandatory animal welfare label to mobilise willingness to pay on the part of consumers through transparency and greater market differentiation.

1.1 Updating EU animal welfare standards

The update of EU animal welfare legislation is important to **avoid unfair competition** caused by varying standards across member states and to **improve animal welfare.**

Updating EU legislation on animal welfare in line with **recommendations from the European Food Safety Authority (EFSA)** includes phasing out cages, prohibiting mutilation practices, and improving on-farm husbandry. Furthermore, regulatory gaps across species must be addressed, for example, regarding the protection of dairy cows, turkeys, and rabbits.

1.2 Securing public funding for investments and operational costs

Improving animal welfare results in **additional production costs.** We estimate the annual EU-wide budget required for enhanced animal welfare to range between 10 and 20 billion euros (Agora Agriculture 2024, p. 90). This would cover costs for increased space, enhanced animal health monitoring, provision of enrichments such as straw, and access to outdoor areas for beef and dairy cattle, pigs, poultry, and laying hens.

Options for stricter import requirements need consideration, but face difficulties due to the EU's **limited ability to enforce animal welfare standards abroad.** Raising standards inside the EU without border adjustments could undermine European farmers' competitiveness, potentially increasing imports and, in turn, endangering animal welfare objectives.

To maintain the **competitiveness of animal agriculture** at a higher level of animal welfare, it is necessary to reward this public good through public funds for investments and ongoing costs. This is possible and financially viable, but requires political will and coordinated policy instruments.

Reallocating existing budgets within the **Common Agricultural Policy** (CAP) towards measures that reward public goods, including animal welfare, can contribute to such funding. The proposed policy window on "Health, Biotechnology, Agriculture and Bioeconomy" under the future **European Competitiveness Fund** could also facilitate investments in high-welfare stables to foster competitiveness, sustainability, and resilience in agriculture.

Supporting animal welfare also requires **national funding** that is feasible and complies with EU state aid rules. One option is to introduce levies on animal products and, where possible under national laws, reinvest the revenues into converting animal husbandry systems. This could be done through rebalancing VAT rates or an excise duty. Price increases would need to be accompanied by social policy interventions to support socio-economically vulnerable households.

1.3 Introducing an EU-wide mandatory animal welfare label

Animal welfare **financing can also be mobilised through the market** if consumers choose higher welfare products. For example, in Germany, the market potential for meat with high animal welfare standards is estimated at around 20 per cent of the market volume (Agora Agrar 2026, p. 140).

A mandatory and consistently implemented EU animal welfare label can contribute to **transparency in a more differentiated market** and help mobilise consumers' willingness to pay for higher welfare. It could also create demand through business-to-business relations in the value chain and public procurement.

For labelling to reflect the reality of animal husbandry as fully as possible, it is important to consider the **entire life cycle of the animals.**

Covering **out-of-home settings,** such as canteens and restaurants, would make a label more visible and relevant for consumers. To limit administrative burden, turnover limits or simplified procedures could apply to smaller companies.

2 Incentivise greenhouse gas reduction measures in animal agriculture

The current European policy environment lacks **sufficient incentives to reduce greenhouse gas emissions from animal agriculture.** The main greenhouse gases emitted are methane and nitrous oxide. Methane mainly results from enteric fermentation in ruminants and manure management. Nitrogen surpluses, especially in animal-dense regions, result in nitrous-oxide emissions, as well as the emission of ammonia which can produce adverse health and environmental impacts.

Although not all emissions can be avoided, agriculture will have to increase its contribution to **climate neutrality.** By reducing methane emissions, a short-lived but powerful greenhouse gas, agriculture can also help **reduce near-term global warming.**

2.1 Incentives for on-farm mitigation measures

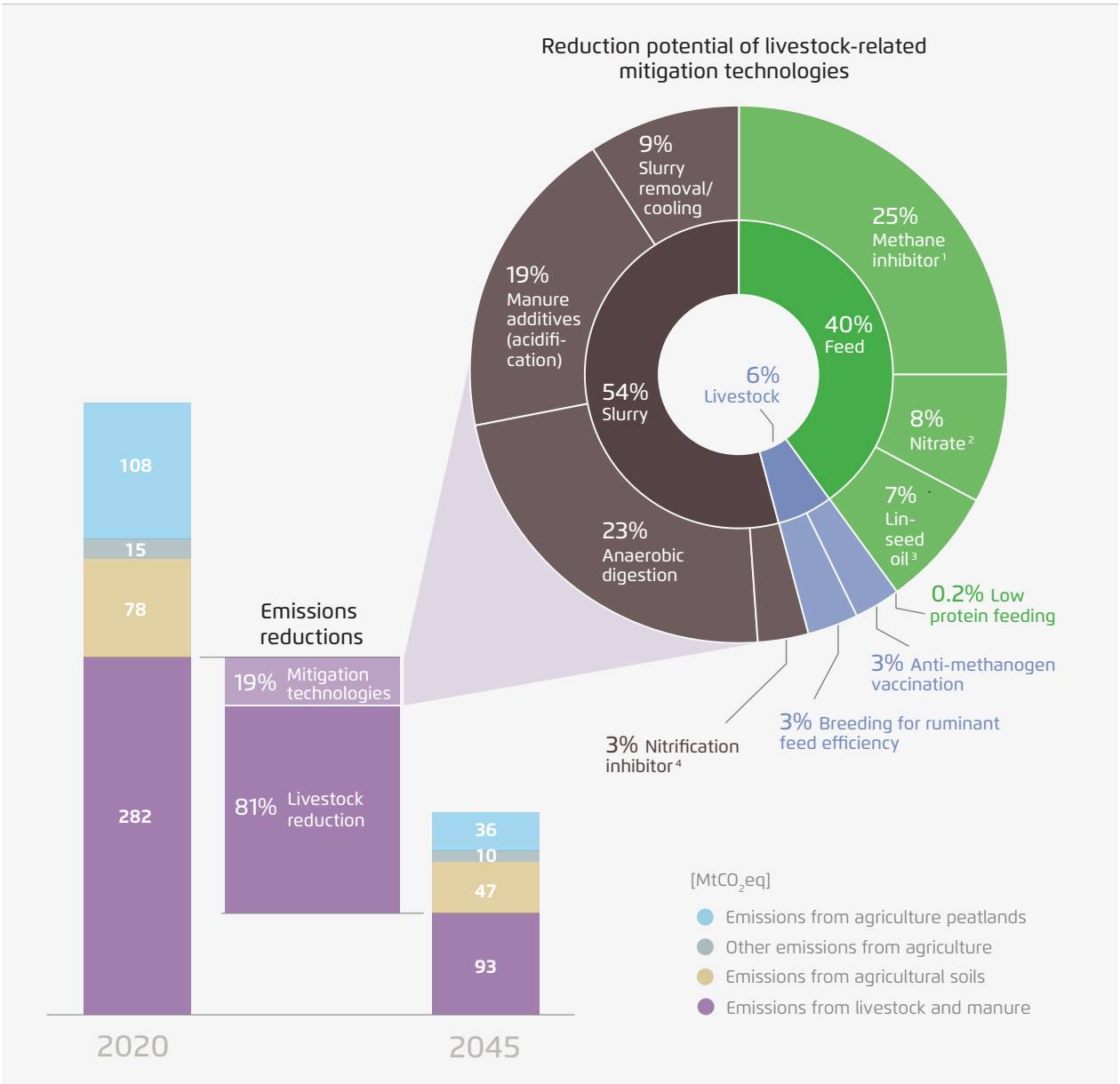
The on-farm application of **greenhouse gas mitigation technologies and practices** has significant potential to reduce agricultural emissions. Such practices and technologies include feeding strategies (including feed additives, low-protein feeding, increased fat feeding, nitrate feeding, reducing feed losses), manure management (including manure additives, slurry removal or cooling, nitrification inhibitors, anaerobic digestion), improved health management, and breeding and vaccination.[1]

1 In our 2024 scenario *Agriculture, forestry and food in a climate neutral EU* we assessed the potential of different mitigation technologies. Currently, we are working on a more detailed and comprehensive quantitative and qualitative study to assess the potential of on-farm methane mitigation technologies and practices across the EU, including deep dives for several member states.

Anaerobic digestion, besides its mitigation potential, can create synergies with other societal objectives. It can contribute to strategic autonomy in fertilisation and flexible power generation. Anaerobic digestion does not create nutrients but converts them into forms more readily available to plants, thereby enhancing nitrogen use efficiency. It can also support grassland-based animal farming by using lower-quality fodder as feedstock. Biogas production from manure, grass, and agricultural residues can create economic opportunities for farmers.

Share of greenhouse gas emissions from livestock in 2020 and 2045 and the contribution of mitigation technologies

→ Fig. 1



Agora Agriculture (2024) Note: The percentages for all mitigation technologies do not sum to 100% due to rounding. [1] 3-nitrooxypropanol, feed additive; [2,3] feed additive; [4] dicyandiamide, slurry additive

To achieve the EU's climate targets and its commitment to reduce methane emissions by 30% by 2030, following the Global Methane Pledge, the coming years need to be used to **create a supportive policy environment that increases the uptake of on-farm mitigation measures.**

Financial incentives could cover both investment and management cost components:

- The **investment component** would support structural and technical solutions, such as manure removal and cooling, and anaerobic digestion installations. Funding could cover a percentage of eligible investment costs. A bundle bonus could be introduced if complementary measures are combined, for example, gas-tight covers for slurry storage and rapid manure removal. This complementarity could also include barn system adaptations for higher animal welfare.
- The **management cost component** would support operational measures, including administering approved feed additives and manure treatments such as acidification and calcium cyanamide use.

For Germany, our **estimated cost** of applying mitigation technologies and practices is around 100 euros per tonne of CO_2eq avoided. This amount includes investment costs for slurry removal and cooling, as well as costs associated with the use of feed- and manure additives (Agora Agrar 2026, p. 46).

This approach, based on **positive incentives,** can be supported through several EU instruments, including:

- A CAP with a more targeted allocation of funding for public goods, including climate change mitigation measures,
- The European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI), for innovation projects,
- The future European Competitiveness Fund, as part of the objective to support agriculture's transition to a climate-neutral economy,
- A potential future methodology for certifying livestock emissions reductions through the Carbon Removals and Carbon Farming (CRCF) Regulation, linked to instruments that create a robust demand for such credits.

2.2 Further development of the policy framework

Starting with a voluntary mitigation phase offers the opportunity to gain experience, develop standards, and build acceptance for mitigation measures. Over the coming years, the policy framework for agriculture and climate must evolve to create a **firm basis for the sector's future development,** including:

- The gradual development and testing of a **benchmarking system** for evaluating and effectively incentivising the environmental performance of individual farms, including indicators for **greenhouse gas balance** and **nitrogen balance,**
- The creation of a streamlined agricultural **greenhouse gas data collection and reporting system** across the EU that both simplifies data handling for farmers, food companies and other stakeholders in the food value chain and aligns how emissions are calculated,
- The design, piloting and introduction of a system for **pricing greenhouse gas emissions** from agriculture and agricultural land use, creating firmer incentives and generating additional resources to reinvest in innovation in the sector.

3 Promote the conservation and sustainable management of permanent grasslands

Extensively or semi-intensively used permanent grasslands can provide a wide range of important public goods. They supply farm-grown feed for ruminants, contribute to soil carbon storage and biodiversity, and improve the water storage capacity of the soil. Species-rich managed areas increase the resilience of landscapes to environmental change.

Some farms based on extensive grazing systems may also contribute to social cohesion in particular regions. Recognising and appreciating the importance of these public goods requires society to **make the sustainable management of grasslands economically attractive.**

3.1 Incentives for the sustainable management of permanent grasslands

Existing support programmes, for example, under the CAP, do provide incentives for the extensive use of grassland. However, **participation often remains economically unattractive** for many farms, as the income achievable from intensive grassland use systems is often higher, and flat-rate premiums do not reflect the opportunity costs, which vary greatly from region to region.

One possible approach to overcome this challenge is to introduce **regionalised premium levels** within a country: higher premiums in regions with high opportunity costs and lower premiums in regions with lower costs. This can apply at the individual farm level or be integrated into **cross-farm coordination models** for planning and implementing landscape-scale measures. These models can promote extensification of grassland areas where it makes the most agronomic sense and brings the greatest environmental benefits.

In addition, **technical and organisational support** for the sustainable management of permanent grassland is a key success factor. This needs advisory services that are reliably financed by public funds, including the CAP.

3.2 An indicator for protein efficiency

To support the long-term preservation and use of grassland, as well as **reduce competition between food and feed,** an indicator could be developed and introduced to promote a larger proportion of grassland-based forage in ruminant feed rations.

This **indicator** would be based on the **ratio of potentially human-consumable protein in the feed to the human-consumable protein produced.** It would show whether farm animals fed a particular diet provide more protein for humans on a net basis or consume more protein-rich feed that could also be consumed directly. In other words, it would provide information about protein efficiency.

4 Advance protein diversification

Most national dietary guidelines across the EU recommend **rebalancing protein intake in favour of a greater share of plant-based proteins in the diet.** These guidelines promote a shift towards more plant-rich diets with high intakes of vegetables, fruits, whole grains, nuts and legumes and moderate intakes of fish, dairy products, meats and sugars.

A large body of scientific evidence supports such a dietary shift in Europe, describing the potential for significant societal-wide benefits, including for health, climate, biodiversity, and land-use efficiency. At the same time, such a shift can present a challenge for the livestock sector, requiring tangible **options to diversify incomes.**

4.1 Advance a value chain approach to protein diversification

Enhancing the availability, affordability, taste, convenience and nutritional qualities of **plant-based foods** in general and **plant-based and novel proteins** in particular, such as fermentation-derived microbial proteins, can expand food choices and facilitate more sustainable consumption patterns. The protein action plan could be an important catalyst for promoting growth and innovation in these sectors and for developing future markets that enable healthy and sustainable diets. Investment in an innovative plant-based and alternative protein sector is moreover important for the **EU's global competitiveness in these markets.**

Advancing protein diversification requires a **value chain approach** covering key stages, including:

- Improving the production capacity of protein crops, as well as the development of plant-based and novel protein products through research and innovation,
- Enhancing the viability of legume cultivation by creating enabling conditions for on-farm crop diversification and by investing in processing and storage infrastructure,
- Facilitating the scaling of plant-based and novel protein product manufacturing, processing and marketing through investment and streamlined regulatory approvals,
- Creating demand through food environments that make it easier to choose plant-based foods and novel protein products by improving availability, affordability, appeal and information.

Measures include:

- Creating a European framework for the promotion of healthy and sustainable **public food procurement** practices,
- Integrating **investment priorities** for protein diversification and food innovation into the European Competitiveness Fund and Horizon Europe policy windows on "Health, Biotechnology, Agriculture and Bioeconomy" under the next MFF,
- Encouraging the development and implementation of **national integrated food strategies and action plans,** including by establishing a regular **EU-level platform for member states** to facilitate exchange and mutual learning,
- **Monitoring the developments** in plant- and animal-based proteins in food and feed production and consumption across the EU, allowing for methodologically sound comparison between member states,

– Introducing an **EU Action Plan for Plant-based Foods** with measures to improve production, value chain development and market uptake of plant-based foods, including fruit, vegetables, legumes and nuts.

4.2 Create income diversification options for livestock farmers

Although a rebalancing of protein intake, as well as diets overall, towards a greater share of plant-based foods can significantly strengthen agriculture's contribution to societally agreed sustainability objectives, it presents a **challenge for the livestock sector.**

As the EU moves towards climate neutrality, **demand for products and services from agriculture is set to increase.** The growing demand for biomass from construction and industries substituting fossil carbon with biogenic carbon can create opportunities in the **bioeconomy.** There is significant scope for producing **renewable energies like** solar photovoltaics, wind, and residue-based biogas. **New food markets,** including the cultivation of fruits and vegetables, which offer high added value per hectare, regional products, and protein-rich crops, can create economic opportunities. Providing public goods such as biodiversity protection and **carbon sequestration** can also generate incomes.

With enabling conditions, farmers and rural communities can play an increasingly central role in the transition to a more sustainable and climate neutral EU economy. Creating a funding and policy mix to transform these opportunities into **tangible models of income diversification** is critical and must be part of envisioning the EU's protein future. Synergies can be created with the European Commission's proposal for an "EU rural target" under the next MFF.

Imprint

About Agora Agriculture
Agora Agriculture develops science-based and politically feasible approaches for a sustainable food, agriculture and forestry sector. As part of the Agora Think Tanks, the organisation works independently of economic and partisan interests and aims to contribute to achieving democratically negotiated sustainability goals such as climate neutrality and biodiversity protection.

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