



Food for thought

An Arla manifesto for a prosperous and sustainable food system in the EU



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With the 2024 European elections now concluded, reflecting on the future of European agriculture and food is both timely and essential. By the end of this mandate, we will be one year away from 2030, which is the deadline for the first major GHG emission reduction target. In light of this and the fast-evolving policy landscape with global volatility, economic shocks and a clear sustainability crisis, we feel it is important to understand the opportunities and the challenges that lie ahead for farmers, the industry, and the EU as a whole, as we transition to a sustainable food system and ensure a prosperous and sustainable future for European agriculture.

As one of Europe's largest dairy cooperatives with 8000 farmer owners in seven European countries, Arla Foods is committed to sustainable dairy production and strives to contribute to the EU's sustainability ambitions. As we are farmer-owned, collaboration is part of our DNA. In the same way that our unique cooperative model gives farmers a central role in the company's governance, we strongly believe that an open and constructive dialogue between the public and private sectors is key to deliver on our targets.

The need for an empowering, incentivising and enabling policy framework:

The aim of the new Parliament and Commission must be to create a policy and legislative framework that supports the agri-food sector in accelerating the sustainability transition while ensuring the long-term economic viability of the sector. It also needs to create certainty for farmers and actors along the value chain. If the agricultural value chain does not have certainty about what legislation they will be subject to, they will not have the confidence to make investments. This has the potential to slow down innovation and hamper future progress. A key prerequisite to deliver a positive, sustainable future is the set-up of an empowering, incentivising and enabling policy framework. Arla Foods therefore calls upon the new Parliament and College of Commissioners to create:

- **A Europe that Engages its Farmers:** Reality is not binary – you can be both supportive of farmers and have ambitious EU policies. There is a need for an alternative route, recognising the role of farming in European society, and promoting unity rather than division, where farmers have a voice in every development impacting their business and life.
- **A Europe that Delivers its Ambitious Sustainability Goals:** Now that ambitious targets have been set, meeting those should mobilise our collective attention. Policies and non-legislative initiatives should enable and incentivise this transition.
- **A Europe that Delivers Global Food Security and Nutrition:** The EU single market should be valued and protected given its positive contribution to sustainability and crucial role in providing Europeans and the world with accessible, affordable, and nutritious food.



The three pillars for a sustainable food system



An introduction to Arla's sustainability vision

Our sustainability ambitions for Europe and beyond:

[Arla's climate ambition](#) is to become carbon net-zero by 2050. On the road to meet this objective, we are committed to significantly reducing CO₂e emissions by 2030. Our -63% target for Scope 1 & 2 has been approved by the Science Based Targets initiative as consistent with reductions required to limit global warming to 1.5°C and our Scope 3 target of -30% per tonne of standardized raw milk by 2030 also meets the SBTi's criteria for ambitious value chain goals in line with current best practice.

A few years ago, our [Future26 Strategy](#) was launched to deliver on our targets by means of increased investments (more than €4 billion) focused on sustainability, digitalisation, new production technologies and product development.

Arla Foods joined the UN Global Compact in 2008 and actively contributes to the delivery of the UN Sustainable Development Goals (SDGs). Achieving food security and improved nutrition represents the overarching objective shaping our efforts and activities.

Our efforts on the ground:

If we are to create a sustainable food system, we need to pull our resources together across the value chain. At Arla we are doing this for dairy by creating a flywheel that builds up momentum for the sustainable transformation. Our approach uses measurement, targets, roadmaps, incentives and commercialisation to build partnerships and action along the value chain. We have learnt that working together is the best possible way of delivering the change we need. This needs to be supported, not disrupted, by governments and policy.

Our ambition is anchored in impact-measurable and results-oriented initiatives. In August 2023 under our [FarmAhead™ Incentive](#), we have paid out, for the first time, a monthly incentive to our farmer owners to reward climate activities and other sustainability efforts made on their farms.

Our reward model builds upon the data obtained from our [FarmAhead™ Check](#) since 2019 and reflects Arla's science-based approach to achieving its reduction goals. Based on the current level of activities and efforts at farm-level, we estimate that we will pay out at least €2.2 billion by the end of 2030 to support our farmer owners' transition.

Our FarmAhead™ Incentive finds its roots in our farm management programmes [Arlagården®](#) and the FarmAhead™ Check, which contains requirements for milk production covering climate and nature, but also milk quality, animal welfare, as well as people, thereby reflecting an ambition which goes beyond climate mitigation.

Finally, in 2023, we launched our [FarmAhead™ Customer Partnership](#), which is designed to accelerate sustainability on farm and help our customers achieve their Scope 3 emission reduction targets. The partnership gives customers a closer link to Arla farmers through on farm R&D projects, access to more accurate on-farm emissions data and claimable CO₂e reduction for ESG reporting. And importantly, it provides new commercial and strategic opportunities for the milk pool and our farmer owners.



A Europe that Engages its Farmers

Agriculture is a vital sector of the EU's economy and society. Together with food-related industries and services, agriculture provides employment to over [44 million people in the EU](#) – and food for hundreds of millions of people on the continent and beyond. The European food system is about more than survival, it is an essential part of our heritage and identity, and it is through European agriculture that we preserve and promote this cultural richness.

Farmers work tirelessly to provide high quality, nutritious food while also caring for the land that they depend on. To develop successful policies that have impact on the ground and ensure the conditions for agriculture in the EU, it is crucial that farmers are part of the conversation and that the EU promotes collaboration and mutual understanding across all stakeholders.

Recent years have witnessed increased polarisation within the agricultural policy discourse, with “us vs them” narratives taking hold. With regulators proposing major on-farm changes, many farmers feel alienated by what they perceive as imposed regulations, disconnected from their reality. This frustration is compounded by global economic uncertainty.

The persistent narrative of polarisation has effectively and unfairly divided the conversation around farming sustainability practices into two camps of discourse. Either you are with the green transition, or against it. Either with farmers, or against them. Reality is much more nuanced, and much less divided. Through engaging in honest, objective, and realistic discussion across the whole sector, the farmer voice can be better understood and elevated – and with their voice we can build a future that achieves food security and sustainability goals.

The power of farmers and value chain working together

At Arla Foods, we see our farmers taking steps towards sustainable food production on a daily basis. Through our [FarmAhead™ Check](#), we collect on-farm data that has helped us determine the top five levers to lower carbon emissions on-farm (feed and protein efficiency, cow health, fertiliser efficiency and land use). Whenever we have had EU stakeholders on our farms, we have all walked away with the feeling that EU policy objectives are aligned with farmer objectives. Through open engagement between farmers and policymakers, we find common ground and align our sustainability objectives.

Substantial change requires collaboration and partnership between all stakeholders, including farmers, environmental NGOs, researchers and the entire community. We believe that bringing these groups to the policy table is crucial for accelerating the intergenerational economic bridge as well as the global sustainability journey.

Anti-farmer discourse, coupled with the fast-evolving regulatory landscape and the strenuous demands of farm life, makes it daunting for new generations to pursue a life in agriculture. With only [6.5%](#) of farmers below the age of 35 in 2020, generational renewal has become one of the main challenges faced by the agricultural sector. This has long term [consequences](#) for the sector's capacity to provide food sustainably.

Digital transformation in particular will play a pivotal role in enabling a sustainable food system and a prosperous future for agriculture. Farmers and local communities need to be involved in discussions around connectivity, and policy makers need to start thinking about the rural economy in the same way that they promote smart cities. While we at Arla Foods roll out our digital farm programme aimed at using digital technologies to help farmers manage their herds, animal welfare and their sustainability journey, we need a holistic and collaborative ecosystem that helps us optimise and simplify the digitalisation of farms and food producers.



As we look ahead, there is an opportunity to accelerate the sustainability journey together. Sustainable food production is in the interest of everyone, from farmers to consumers to policymakers. Our policy asks focus on a collaborative approach to address our collective challenges. While we applaud the Commission's attempts to bring the food chain together, we found the Farm to Fork strategy to be more fork than farm, with the promised cross-DG collaboration falling short in practice.

We call on the new Parliament and Commission to:

- Deliver a comprehensive food systems approach that includes farmers' perspectives in agriculture, environment, business, trade, investment, health, nutrition and any other policy area that impacts them. We would like to see a strengthening of public-private partnerships, and this strengthening reflected at the institutional level through:
 - A holistic approach to agricultural policy to ensure that the CAP remains effective in achieving its objectives with minimal administrative burden and better targeted schemes supporting sustainability efforts deployed on the ground,
 - A cross-DG approach at Commission-level with farmers at the core,
 - A stronger focus on digital farms and rural areas in DG CNECT,
 - The creation of ad-hoc/special committees at EP-level to handle proposals falling into the remit of several standing committees.
- Implement policies that take into account the cross-EU variety of ownership and operation, including the various benefits of the cooperative model.
- Continue a strategic dialogue on the future of EU agriculture in the new mandate. Actively involve farmer cooperatives alongside other organisations and individual farmers in this and any other initiatives that follow.
- Support the digitalisation of agriculture and farming to enable a sustainable food system and prosperous future for the agri-food sector. Extend the same consideration given to smart cities to the rural economy and agriculture.
- Ensure that future legislation provides long term certainty and doesn't discourage farmers to invest in their business.
- Support young farmers to ensure food remains available for the next generations.

A Europe that Attains its Ambitious Sustainability Goals

Over the course of the previous mandate, the European Union, through its Green Deal framework, has set high policy ambitions and targets for sustainable agriculture and farming, in conjunction with concrete cross-sectoral and EU-wide policies.

In conjunction with its climate objectives, the EU has also demonstrated high ambitions to protect nature and the environment, as evidenced by the many complementary policies on nature restoration, biodiversity, soil health, water quality and pollution. Delivering on these initiatives will require additional efforts from the agricultural sector.

The challenge now shifts towards the actual implementation of these goals on the ground, in practical, real-world situations. Attaining our sustainability goals requires a far-reaching approach that enables the conditions for a successful transition and incentivises economic operators across the food value chain to shift their behaviour.



Results-oriented initiatives already abound

At Arla Foods, we have been at the forefront of driving measurable changes on the ground. With our FarmAhead™ Incentive, we reward and incentivise climate and environmental sustainability activities implemented by our farmers. The underlying rationale is that we cannot deliver on our cooperative-wide targets and sustainability ambitions without concrete actions on the ground.

The eco-schemes, introduced via the last reform of the Common Agricultural Policy, follow a similar approach and have the potential to complement our FarmAhead™ Incentive and further support farmers who decide to go one step further in terms of environmental and climate actions. The similarities and positive overlap between these two initiatives, one private, the other public, reveals the tremendous potential of public-private partnerships when it comes to deliver on targets and ambitions that concern us all.

With so many options on the table, the EU needs to consider a wide range of solutions and practices that can be rewarded, as a one-size-fits-all approach will not work for all farmers across Europe. Variance across Member States and regions necessitate a policy framework optimised for diversity. This principle has been built into our FarmAhead™ Incentive, which is designed to provide flexibility and be fair. This ensures that all of our 8000 farmer owners can be part of it and decide which actions they wish to invest in to best suit their unique circumstances and achieve the greatest positive impact. This approach has created significant buy-in with nearly 80% of all farmer owners joining the programme in the first six months alone.

Research and innovation also holds great promise and thus requires particular attention. The fact that farmers and the agri-food sector can benefit from support under the Horizon Europe programme is a positive sign that the EU recognises this potential and strives to encourage research and innovation. At Arla, it is precisely this potential which led us to provide increased investments in sustainability, digitalisation, new production technologies and product development within our Future26 Strategy. A digital strategy for farms, as mentioned above, is necessary to give farmers the right tools for data collection – because you cannot improve what you cannot measure.

The potential to fulfil EU's sustainability targets is there. We now need a policy environment that allows the agri-food sector to be financially, socially and environmentally sustainable in order for it to deliver on our common ambitions and targets. We want an EU that supports and encourages voluntary business initiatives and facilitates and incentivises the transition to sustainable practices in a way that works for farmers and the agri-food sector, while avoiding unnecessary initiatives that could slow down or make the transition journey unfeasible for large parts of the agricultural sector.

We call on the new Parliament and Commission to:

- Create enabling conditions for a successful transition and the attainment of the EU sustainability targets.
- Fully integrate business initiatives when introducing new legislative or non-legislative measures to make the most of public-private complementarity.
- Assess progress across all sustainability domains and reward farming practices using a data-driven and science-based approach. Farmers should be rewarded for actions that work for them, taking into account diversity and variance across Europe.
- Avoid policy initiatives that could slow down or complexify the transition journey of the agri-food sector by introducing unnecessary burden. For instance, when considering extending the ETS to agriculture, attention should be paid to creating synergies with existing agricultural initiatives and preventing the introduction of new rules hindering ongoing efforts.



- Apply a holistic approach to land use policy development that delivers on biodiversity, water and soil improvements whilst ensuring that enough land is available to meet the increasing needs towards delivering global food security and nutrition. Support research and innovation in food and farming by facilitating access to public funding and further simplifying application processes.

A Europe that Delivers Global Food Security and Nutrition

Accessibility, affordability and availability of the right food is at the heart of everything that we do. In recent years, unprecedented weather events (including droughts and floods), the global pandemic and an increase in geopolitical conflict have created a perfect storm to threaten global food supply chains in ways they have never been threatened before.

At the same time, we are seeing the dual issues of undernutrition and overnutrition in different parts of the world, including within Europe. Nutritional needs vary greatly from area to area, from person to person. Creating availability of not just “any food” but the “right food” to meet with individual and contextual needs is an additional challenge on top of the whirlwind of external challenges facing food production.

With the need to produce 40-45% more nutrition globally by 2050, European food and agricultural policy should be developed with a clear understanding of these global challenges and the role of European food production in addressing them. A key part of this revolves around supporting increased production efficiency within the EU, helping us deliver much needed high-quality nutrition, sustainably.

The tools we need are at our disposal

Food security and sustainability are two sides of the same coin. Working together with farmers to achieve sustainability objectives will also help us collectively reach our global food security goals. The EU is committed to maintaining European food security and contributing to global food security and nutrition. In 2022, EU agri-food exports reached [€229.8 billion](#) and, according to the Commission, remains “the top global trader of agri-food products, renowned for their quality and competitiveness”.

Shaping the rules to make the EU food system more sustainable and resilient from production to consumption is key; and the underlying strategies should ensure the interdependence and coherence of the EU food system with the rest of the world.

One of the great achievements of the EU both internally and as an exporter are the efficiencies created by the single market. The free movement of people, services and goods around the Union creates more cost savings and sustainability gains across the food chain. [50-75%](#) of the European economy is driven by trade between Member States. As a cross-border cooperative, our model is built around the tenets of the single market, through consolidating our milk inflow in milk pools across Europe, eliminating waste, minimising our carbon footprint and bringing to market the right products at the right time.

It is also important that the EU continues to drive an ambitious trade agenda. Consumers around the world ask for our products because of their taste, quality, nutrition and affordability. A strong single market is key here, as we need a strong domestic production base to build global trade from. This means supporting the dairy sector to remain competitive and confident, attracting investment and encouraging innovation. These are all prerequisites to delivering a trade agenda that puts Europe at the heart of a sustainable global food system. Well-intended schemes such as mandatory country of origin labelling need to be considered carefully within this overarching goal, as they could have severe unintended consequences on trade flows, market access, and competitiveness, especially for small-scale farmers.

There is a diversity of nutritional needs and preferences across the EU and the world. The EU is a heterogeneous region, with different dietary patterns, cultures, and health considerations. The same applies to the rest of the world, where the prevalence and causes of undernutrition and overnutrition vary



widely. A one-size-fits-all approach to labelling such as the front-of-pack nutrition labelling may not reflect the specific geographical needs and contexts of different consumers and producers.

We are a highly data-driven organisation and believe that consumers should have the right information to make informed choices about their health, nutrition and their sustainability footprint. Communication to consumers is a complex area and the possibility of misunderstanding and confusion is high. National dietary guidelines provide a clear, well-understood foundation on which to build from. These commonly include sustainability parameters and are therefore the obvious reference point to base consumer information on.

We call on the new Parliament and Commission to:

- Acknowledge that food security and sustainability are two sides of the same coin. The debate should not be food security vs. sustainability. Both objectives are mutually reinforcing.
- Develop food and agricultural policy in the context of the global nutritional challenge.
- Pursue an ambitious trade agenda that is rooted in a robust single market, free from unhelpful barriers, to preserve the competitiveness of the European agricultural sector and ensure that European production contributes to global food security.
- Avoid disrupting market efficiencies as they are crucial to ensure EU and global food security.
 - Make country of origin labelling for dairy voluntary and allow consumers to make informed choices whilst ensuring the agri-food sector the necessary flexibility to provide the most sustainable milk flow and to benefit from market efficiencies.
- Provide clarity on green claims data input, to avoid market fragmentation and help consumers understand what they are buying.
- Base a (voluntary) front-of-pack nutrition labelling scheme on sound scientific evidence that reflects the diversity of nutritional needs and preferences across the EU and that aligns with national dietary guidelines. Not all Europeans have the same nutritional needs. Any nutrition labelling should be backed up by robust education programs.
- Promote sustainable (and healthier) consumption patterns and raise awareness about the environmental impact of food choices.
 - Recognise the importance of the nutrition provided by dairy products to complement a recommended increase in the intake of fruits and vegetables, acknowledging the diverse dietary needs (and preferences) of consumers.



Our concluding thoughts

We call for an ambitious, farmer centric Sustainable Food Systems framework as a key pillar of the new EU mandate, where the implementation of sustainability goals and policies work in practice and with a single market that maintains and extends food security and nutrition.

This model will need to take the unique cooperative model into account and include farmers' perspectives in agriculture, environment, business, trade, investment, health, nutrition and any other policy area that impacts them. We need the EU to continue to support and encourage voluntary business initiatives and facilitate and incentivise the transition to sustainable practices in a way that works for farmers.

This approach would be completely in line with the **COP28 Emirati Declaration on Sustainable Agriculture, Resilient Food Systems and Climate Action** — endorsed by the EU in December 2023 — which encourages nations to integrate sustainable food systems, agriculture and food security into their climate-related National Determined Contributions, and to take a holistic approach to sustainability as well as food and nutrition security.

Such an approach will ensure that the EU continues to maintain European food security and contributes to sustainable global food security and nutrition. Our policy asks to accomplish this are:

A Europe that Engages its Farmers — We call on the new Parliament and Commission to:

- Deliver a Sustainable Food System that truly honours the role of farmers.
- Continue the Strategic Dialogue on the future of EU agriculture in the new mandate. Agri-food stakeholders should be actively involved in the dialogue and any other initiatives that may follow.
- Include farmers' perspectives in all relevant policy areas and strengthen public-private partnerships.
- Support the digitalisation of agriculture and farming to enable a sustainable food system.
- Ensure that future legislation doesn't discourage farmers to invest in their business and support young farmers so that food remains available for the next generations.

A Europe that Delivers its Ambitious Sustainability Goals — We call on the new Parliament and Commission to:

- Create enabling conditions for a successful transition. Business initiatives should be fully integrated in new legislative or non-legislative measures.
- Assess progress across all sustainability domains and reward farming practices using a data-driven and science-based approach. Farmers should be rewarded for actions that work for them.
- Avoid policy initiatives that could slow down or complexify the transition journey of the agri-food sector by introducing unnecessary burden.
- Apply a holistic approach to land use policy development that delivers on biodiversity, water and soil improvements whilst ensuring that enough land is available to meet increasing needs.

A Europe that Delivers Global Food Security and Nutrition — We call on the new Parliament and Commission to:

- Acknowledge that food security and sustainability are two sides of the same coin. Food and agricultural policy need to be developed in the context of the global nutritional challenge.
- Pursue an ambitious trade agenda that is rooted in a robust single market, free from barriers.
- Avoid disrupting market efficiencies as they are crucial to ensure food security. Country of origin labelling for milk and milk as an ingredient should be voluntary.
- Provide clarity on green claims data input to avoid market fragmentation.
- Make front-of-pack nutrition labelling voluntary and ensure it is aligned with national dietary guidelines.
- Promote sustainable and healthier consumption patterns. The importance of dairy products should be recognised.