https://doi.org/10.7896/j.3200 Studies in Agricultural Economics 127 (2025) 97-104

SCIENTIFIC ARTICLE

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Global challenges and the EU's shifting agri-trade goalposts

ABSTRACT

Over the past quarter of a century, the European Union has transformed itself from a defensive agricultural trade player into the world's largest agri-food exporter and importer, driven by successive Common Agricultural Policy (CAP) reforms and market-oriented adjustments. This paper traces the evolution of EU agri-trade, highlighting the role of decoupled payments, structural competitiveness, and diversification of trade flows. It assesses the EU's resilience to recent crises – from COVID-19 to energy shocks and the Ukraine war – while examining growing tensions between trade liberalisation, environmental standards, and geopolitical fragmentation. The analysis stresses the mounting challenges in reconciling climate goals with food security concerns and warns against regressive policy trends that ignore past reform achievements. Ultimately, the paper argues for maintaining evidence-based, market-oriented strategies to preserve the EU's global leadership in sustainable agri-trade amid rising demands for food sovereignty and strategic autonomy.

ARTICLE INFO

Keywords:
EU agri-food trade, CAP reform, global trade tensions, sustainability, resilience, agricultural competitiveness.

JEL classifications:
Q17, Q18.

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Received: 16 June 2025; **Revised:** 12 July 2025; **Accepted:** 15 July 2025.

Introduction

When the Seattle WTO Ministerial Conference ended up in disarray on December 3, 1999, the European Union (EU) and its agricultural policy were among the main (and for some the main) culprits of an anti-globalisation wave that dominated the public debate on the benefits and risks of trade liberalisation. The EU was not the only target of this wave, but when the often incoherent anti-trade sentiment focused on agriculture, the EU was the easy target for both those adamantly opposed to trade liberalisation as well as for those looking for ways to unravel farm policy bottlenecks that hampered the process.

To a certain extent, the basic arguments of the anti-globalisation sentiments have changed little since, although the focus now is spread among so many global tensions. Both pro- and anti-trade camps would associate EU agriculture and the policy underpinning it, the Common Agriculture Policy (CAP), as arch-enemies of their opposing views on what constitutes progress. Neither has the confusion around trade policy issues around trade has changed – if anything, it has become even more confused.

Yet what has changed since, and in a dramatic way, is the EU's position on agricultural trade issues, both in terms of policy stance as well as well as in terms of statistical facts. During a quarter of a century, to the surprise of many following agricultural trade issues and of many more that occasionally encounter the odd statistic on agricultural trade, the EU became the largest agricultural importer and exporter in the world. More, significantly, it reversed its agricultural net trade position, with the value of its agri-food trade surplus exhibiting a persistent upward trend despite several challenges that placed this trend at risk during this period. It was not expected to turn out like this, but it did, despite the fact that most analyses of expected impacts from the global agricultural trade liberalisation process had shown more problems than gains for EU agriculture.

This process has been anything but linear. It started with the Uruguay Round Agreement on Agriculture (1994) that gave an initial push for farm policy in the EU and the US, although subsequently only the EU continued its reform path towards more market orientation, with the US returning to a trade-distorting counter-cyclical form of price support. It continued (on paper at least) with the Doha Development Round (launched in 2001 and essentially today in a state of limbo, despite the major step of the abolition of export subsidies at the Nairobi Ministerial in 2015). Ultimately, it has reached its present state of reversal of a long-term arduous path of trade liberalisation with the Trump US administration undermining the very global foundations that previous US administrations advocated for.

In this gradual trade liberalisation process, the EU continues pushing for more global, multilateral and bilateral trade agreements as if little has changed in terms of its priorities and ambition despite this reversal in prospects. This push is evident by the long list of agreements the EU has signed or wants to sign, with more expected. This is despite significant internal disagreements, especially in relation to Mercosur. It is also in spite of a new dimension that has been added in these priorities, namely the aim of introducing "mirror clauses", provisions that claim to ensure imported products meet domestic production requirements (implicitly considering

that the Agreement on the Application of Sanitary and Phytosanitary Measures, SPS, is not enough).

In an interesting twist of events, the "reciprocity" that is referred to in the public debate has been considered to be the litmus test of these "mirror clauses" on issues linked these days to primarily environmental standards, and has been the battle cry of the new US administration on its new strategy on trade tariffs. Long gone seem the days when the virtues of comparative advantage informed the rationale of trade agreements… How this new, essentially demand-driven orientation, fits into the often conflicting and contradictory, supply-driven and more traditional orientation on agricultural trade will to a large extent determine the manner whereby what was observed in the first quarter of this century in EU's agricultural trade will continue, be strengthened or get reversed.

The aim of this paper is to assess these prospects by a) briefly examining the current state of EU agricultural trade in terms of its long-term drivers, b) identifying the risks stemming from current instabilities in global markets and the challenges of adapting to the impact of geostrategic tensions on trade policies and the global trade framework, and c) draw the broader implications from these factors for the EU's policy debate and priorities on sustainability, food security and climate change action.

The gradual but steady transformation of EU agri-trade

Facts and trends

The structure of EU agricultural trade and its more recent trends are well presented on the dedicated website of DG AGRI, which includes annual reports and monthly updates for a variety of product groups and details by export destination and import origin (EC, 2025). The same site includes several studies assigned by the Commission to analyse the potential impact of previous trade agreements of the European Union on the EU's agricultural sector.

Consequently, and to facilitate the points that will be raised in this paper, only a summary of facts and trends of EU agri-food trade developments is presented here. To incorporate the impact of successive enlargements of the EU and of Brexit, the most recent statistics incorporating EU-27 will be used, but the overall trend is the same, regardless of what EU configuration one uses for the period after the CAP reform process was initiated.

Three distinct features have so far characterised EU agricultural and agri-food trade developments this century. First, EU agri-food trade has grown simultaneously on both the export and the import side. Although the growth in agri-food trade has experienced fluctuations, it is interesting to observe the overall rather consistent pattern of development in both exports and imports. For the EU's agri-food chain, trade has genuinely been a two-way street, with exports almost tripling in size from 2002 until 2004, increasing by almost 220 percent. During the same period, imports increased a bit less, by 170 percent, with the combined effect resulting in a 430 percent increase of the EU's agri-trade surplus (Figure 1). This trade surplus has seen a steady long-term trend despite increased volatility observable in recent years, but still remains above 60 billion euros.

Second, the export side is characterised by a higher share of value-added products than commodities, while the import side is more balanced. This explains the growing surplus of EU agri-food trade. According to the WTO's classification, in 2003 63% of EU agri-food exports were processed and 19% semi-processed products, with 8% horticultural and just 10% bulk commodities. On the import side, the respective shares were 40%, 23%, 17% and 19%.

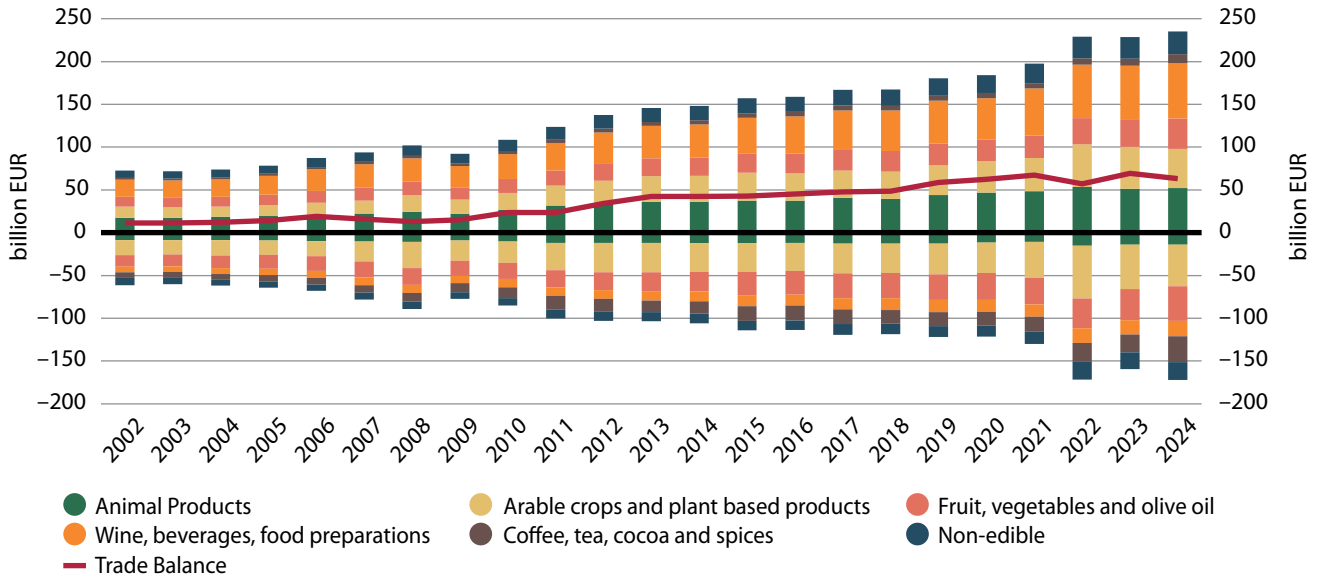

Figure 1: EU agri-food trade between 2002 and 2024, in billions of euros.
Source: Eurostat (2025)

When considering the classification DG AGRI uses in its grouping of agri-food products, the top three exports from the EU were cereal preparations and milling products, dairy products and wine, combining for more than a quarter of the value of EU exports. On the import side, the top three product groups by value are coffee, cocoa and tea, fruit and nuts, and oilseeds and protein crops, with their combined value representing just over 40% of all imports.

A closer look into the details of changes over this period indicate the impact of recent food price inflation on the value of EU's trade, both on the export as well as the import side. Since most of the growth in exports is driven by processed products, the cumulative impact of increases in costs explain to a large extent the jump in exports witnessed in 2022-24, while coffee, cocoa and tea led increases on the imports side (Figure 1). With both export and import values volatile, the constant upward path of the balance of agri-food trade has also exhibited signs of volatility recently.

Third, the EU mostly exports to developed high income economies (developed in real terms, though China is still classified as a developing country in WTO statistics), and mostly imports from developing countries, for a large number of whom it reserves preferential no-tariff treatment. Nevertheless, the EU is chiefly characterised by the very diverse nature of both the destinations and the origins of its trade.

As a result, the EU agri-food sector can better withstand the shocks of major trade disruptions by finding alternative markets, as was the case with Russia (which has dropped from representing a tenth of EU agri-food exports to just 3%), and in the opposite direction, with China (which jumped from 4% in 2012 to almost 10% in 2020, before dropping back to 8% by 2022). However, it is consistently the case that the UK represents more than fifth of EU agri-food exports and a tenth of imports, the US around 12% of exports and 7% of imports, while Brazil hovers around 10% of EU imports.

The causality of trends – policy design and reform

While the facts and the trends described above have been amply presented in the monthly Monitoring Agri-Food Trade publication of DG AGRI-European Commission, the reasons behind the trends have now faded in the weakening institutional memory of both European Commission and agricultural trade academics. Yet the transformation of the EU agri-food system into a net exporter did not happen overnight, neither did it occur in a policy vacuum. It happened as the result of a series of reforms which gradually, with inconsistencies and delays but nonetheless firmly in terms of policy orientation, focused on increased competitiveness and market orientation of EU agriculture.

Initially, this orientation came from US pressure to accommodate negotiations leading to the creation of the WTO, and it had as its main aim the reduction of EU support prices (their level was so much higher than world markets that they acted as an incentive for overproduction, public stock accumulation, and the eventual dumping of surpluses on world markets with the use of export subsidies). Figure 2 presents in a condensed and implicit manner the role successive CAP reforms played in terms of increasing the agri-food trade of what was a changing EU, whose composition has been transformed from initially 10 to today's current 27 Member States.

The reduction of support prices (most of which are now either abolished or irrelevant in the current context of world price levels) and the partial compensation of producers in the form of coupled payments ("blue box" payments in WTO terminology) reduced significantly the role and costs of public intervention ("amber box") and of export subsidies (considered "red" and eventually abolished by WTO in 2015). The MacSharry reform of 1992 was the main driver of these changes, whose initial main impact was domestic by

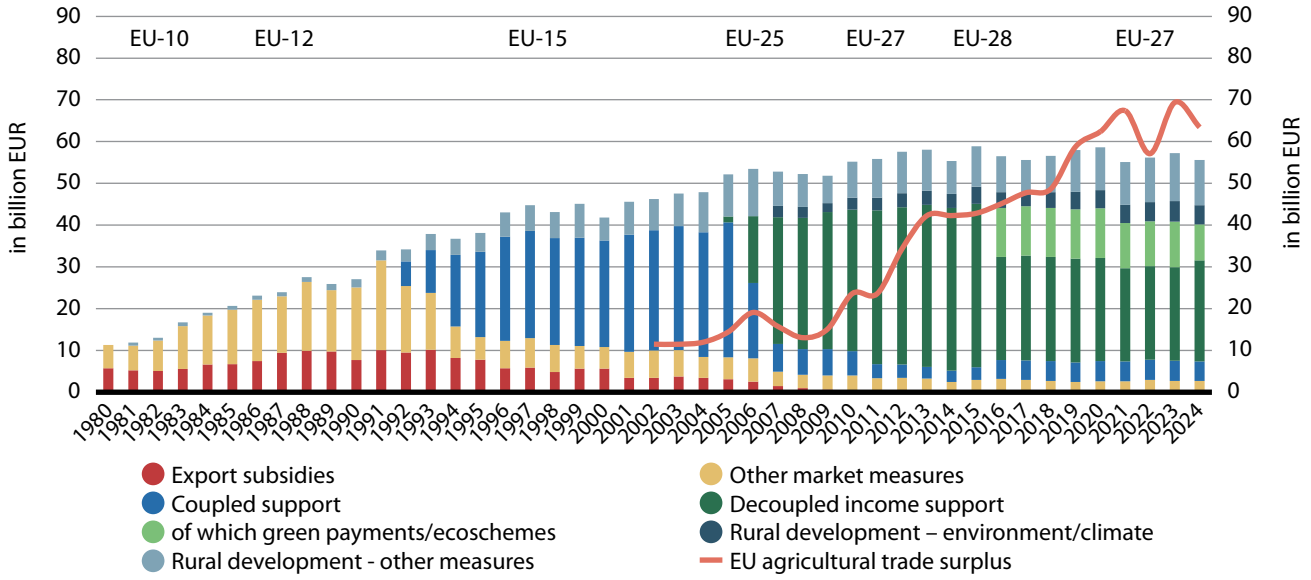

Figure 2: CAP reforms and trade.

Source: European Commission, DG Agri

significantly reducing the abuse of input use resulting from the incentives to overproduce inherent in the previous system.

However, the main unleashing of the EU's agri-food potential came with the Fischler reform of 2003 which, by decoupling direct payments from support specific to products and linking it to environmental cross-compliance, opened the farming sector to market developments. It is this change that allowed production to adjust and, combined with the subsequent decisions in 2008 to gradually abolish the quota systems for sugar and dairy, turned the EU agri-food sector into the major export and import player it is today.

The above developments might sound like history to some, but as recent history they have implications for the current policy debate on the future of the CAP, as a recent example demonstrates. In the May 2025 Conference of DG AGRI on the Future of EU agriculture, the Vice-Chair of the European Parliament's Committee for Agriculture characterised decoupled payments as "blind payments", expressing in this way indirectly his (and others) wish to resort to some form of undefined system of support that will focus on products and support prices. Lost in such wishes is the fact that the few sectors based on coupled support continue to struggle in terms of competitiveness in the EU. So is the reality that, far from blind, it is decoupled payments that have opened the eyes of EU producers to what markets require – with a safety-net layer of income support on top.

EU and others

The EU is clearly not the only agri-food player whose exports have increased since the turn of the century. Globally, agri-food trade exhibited impressive gains in the aftermath of the URAA and the creation of the WTO. Several trade frictions and disputes have made the headlines, although they constituted a minimal part of total agricultural trade. And, as in any compromise agreement, not all aspects of the WTO framework that have applied to agriculture have satisfied everyone, yet all parties have had to perform within an acknowledged, stable environment.

It is within this environment that agri-food of the big-five agri-food systems, Brazil (by all accounts the big winner of the URAA), US and EU saw their trade surpluses increase up until the middle of the last decade, and even India witnessed a small surplus increase. Only China exhibited a growing deficit, driven primarily by its demand for feed and animal products (Figure 3).

Since 2014, however, a major transformation has been taking place, with the US gradually reducing its traditional agri-food trade surplus, and turning into a net importer as the world has been exiting from the COVID pandemic. It is beyond the scope of this paper to analyse the reasons of this change, though it has its relevance when one looks at the impact that the domestic farm policy structure has on trade (the US still heavily depends on the export of a few bulk commodities whose support is counter-cyclical to market price developments).

What matters is, faced with a growing increase of imports from various origins and in various products, the US considers trade deficit development a reason for unilateral actions (from threats to temperamental and arbitrary adjustments to tariffs) which not only complicate its trade relations with the EU, but also put at risk the foundations of the post World-War II global rules-based system.

Global tensions and their potential impact on the EU

Lessons from three crises – COVID, energy, Ukraine

The optimism that some sort of linear upward movement of economic growth would spread throughout the world, the corollary of the "end of history" thesis, was severely tested with the financial crisis of 2006-08 and its aftermath, which impacted severely the political and economic cohesion of the EU (as well as the belief that markets self-regulate).

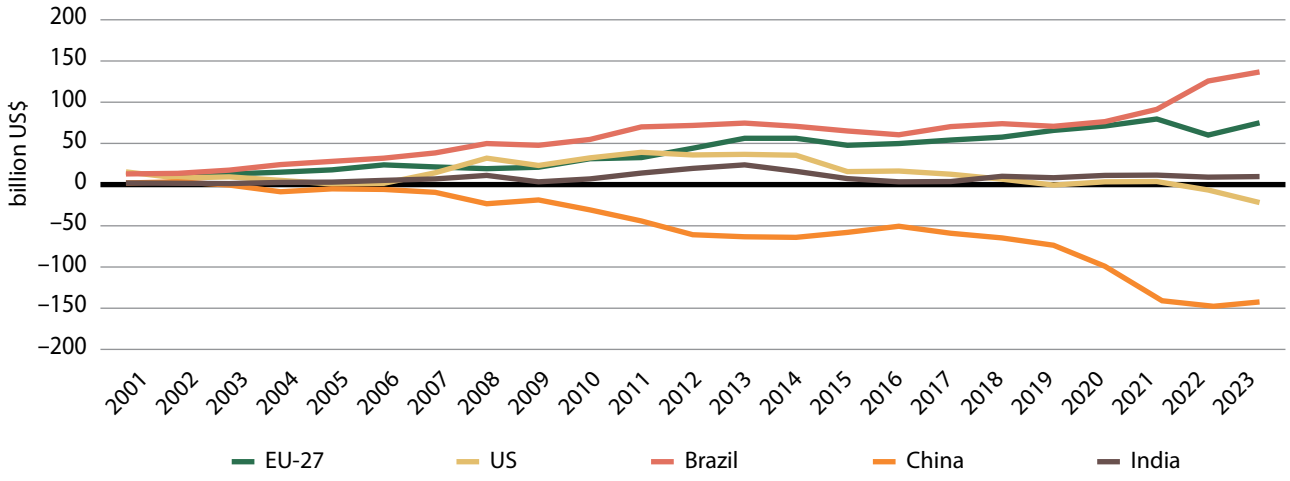

Figure 3: Agri-food trade and the big-5.
Source: Eurostat (2025).

Throughout the crisis, however, the EU agri-food system exhibited a remarkable resilience (as was the case globally), not by staying immune from the crisis but instead by avoiding the most severe consequences that other sectors faced.

However, this period demonstrated the first tensions within the EU's domestic food chain since the increase in energy and fertiliser costs, driven by a series of factors that pushed prices in the same upward direction, left primary agriculture with the short straw of food chain price developments. The imperfect price transmission from producer to consumer prices, especially when the former fall, led to legislation on "unfair trading practices" (with little effect as the more recent policy debate around this issue demonstrates).

This is also the period during when the EU also faced the first impact from geostrategic tensions with the sanctions imposed on trade with Russia after the latter's illegal 2014 annexation of Crimea. The EU lost overnight a market representing almost a tenth of its exports. Yet looking in retrospect in the evolution of EU exports, imports and trade balance in agri-food, one hardly notices any impact as the sector responded swiftly by either expanding more in traditional markets or finding new markets for EU food products.

Nevertheless, the challenges EU agriculture faced from the financial crisis of 2006-08 and its aftermath pale when compared to the successive impact from COVID, the energy tensions with Russian supply of natural gas and the subsequent Russian invasion of Ukraine. One after the other these crises put a significant upward pressure on all commodity prices, increased volatility and negatively impacted inflation, especially food inflation.

From a short-term perspective, the manner by which the EU food system responded to the above crises exhibited significant resilience. This resilience, coupled with a persistent decrease in its emissions – a feat achieved while all other major global food systems saw increases – provided support to those arguing for a more balanced assessment of its strengths and weaknesses, rather than the severest of its critics' catastrophic portrayal of it as "broken".

Nevertheless, it would be erroneous to consider that the positive trajectory of agri-food trade developments of the past couple of decades provides an indication of its automatic extrapolation into the future. The type of challenges the above three crises introduced were new in many respects, at least where the post-WTO policy global agricultural trade environment is concerned. When combined with the realities of the green transition and the sustainability prerequisites that this implies, a significant gap has begun to emerge between expectations and the potential for their realisation in a series of areas that directly or indirectly impact the supply of, demand for and trade in agri-food products. Among other manifestations, this gap is also evident in global price developments.

Global price trends and EU risks

If there is one element that above all clearly demonstrates how previous CAP reforms have benefitted the EU's trade position, it is the bridging of the gap between world and domestic prices for most agricultural commodities. Initially, this happened with the reduction in support prices as a result of CAP reforms and the parallel reduction of tariffs as a result of the WTO agreement. The gap was not fully bridged by this, but the action taken was enough to make EU agriculture more sensitive to developments on world markets, and more responsive to the supply adjustments required by price signals. This also occurred under the influence of broader commodity price developments, in energy, in metals and in minerals, which increased world prices and thus brought EU prices into alignment with world price levels for almost all major agricultural products.

While price signals from world markets are not purely reflections of competitive conditions – being instead prone to volatility caused often by broader commodity market developments – this does not alter the fact that EU agriculture has become more market-oriented. After all, a significant layer of decoupled income support was designed to serve this very purpose: to allow EU farmers to be partly cushioned against market volatility, a factor inherent to agricultural commodities, so that their market adjustments would be smoother, though certainly not painless.

Recent price developments have appeared, however, to introduce a completely novel element in terms of the manner whereby agricultural markets interact with the broader commodity environment. In the aftermath of the financial crisis of 2006-08, no matter what causality one would attribute to global market price volatility, expectations were that, in the long-run, agricultural prices would resume their long-term downward trend in real terms. Yet developments stemming from the combined effect of the three crises identified above seem to have to cast significant doubt upon this expectation.

It is true that the asymmetric exit from COVID and the numerous bottlenecks it created put an inevitable upward pressure on prices. It is also evident that tensions in the European energy market in the summer of 2021 added to this upward price trend, especially observable in Europe's natural gas, and by extension, fertiliser markets. Moreover, the Russian invasion of Ukraine added insult to injury, pushing prices even higher. All this took place at a time when the EU was debating and designing the policies for its green energy transition.

The impact of such developments was not localised in the EU, but felt globally. As a result, the downward path of real agricultural prices, which had seemed to slow during the first decade of this century, now appears to have reversed, placing global real agricultural prices on an upward trajectory. This shift is expected to persist for a longer period than any other past interruption of their assumed long-run downward trend.

Coupled with this, energy and fertiliser prices are increasing at a faster rate than primary production prices, worsening the profitability of the farming sector at the time of a slowdown in productivity of some staple food commodities. And while all this is happening at the supply side, demand of food has been affected by food inflation rates that exceed by far any impact on food prices seen by previous agricultural commodity price booms.

The extent to which the global food chain used the combined effect of a pandemic and geostrategic tensions to potentially inflate profit margins will remain an issue of debate and speculative arguments as long as data on price

transmission along the food chain lack even basic transparency. But the end result is clear, what for decades has been taken for granted, the significant decline in the share of food in household expenditure, seems to be at a halt even in very developed societies. Compounded by growing issues of uneven income distribution, this development puts at risk the gains that EU agri-food had achieved in the previous two decades both in terms of competitiveness and in terms of its public policy recognition and acceptance.

Real and perceived weaknesses and the "sovereignty" debate

If there is one omission that is striking in the European Commission's "Vision for Agriculture and Food" Communication, it is the absence of any reference to one of the most fundamental challenges that agriculture is facing globally, that of the need to focus on and enhance "sustainable productivity".

One could consider this omission accidental; after all the text is full of references to competitiveness, innovation and several other buzzwords that could be linked to productivity and the need for its sustainable growth. But this omission is actually reflective of a whole set of arguments that both within and outside the Commission have plagued and polarised the policy debate.

Central in this respect is the debate and the worries about the EU's dependence in the import of many raw materials, which has rendered it vulnerable to exogenous shocks. Both COVID and the war in Ukraine, for completely different reasons, fed this debate and led to the Draghi Report on the competitiveness (rather, the lack thereof) of the EU at large. Absent from this Report, however, was the EU food chain system, which in several areas exhibits a high degree of competitiveness, be it in food trade, machinery (the EU is a major supplier of agricultural machinery worldwide), innovation in food safety standards and some of the most advanced applications of earth observation in agriculture (an area where the EU was a world leader from early on).

Form the various facets of this debate, which are beyond the scope of this paper, one is characteristic of perceived versus real weaknesses of EU agriculture, that of the so-called "protein deficit" of the EU. What is meant by this is the trade deficit in one form of proteins, those going to animal feed especially through imported soyabeans, which are viewed in isolation from the surplus they feed in the form of exported EU animal protein. Yet more important is another, often ignored, aspect of the role of the surplus position of the EU when it comes to food protein from cereals, especially wheat. In fact, when one examines the big picture relating to trade in products linked to the provision of food proteins, two divergent developments are evident (Figure 4).

First, while the trend in the trade deficit of the EU in the arable crops, oilseeds and protein crops category is rather stable over time, with its occasional variability explained by essentially exogenous factors (climatic or input cost developments), the surplus in animal products kept a steady upward trend, indicative of efficiency gains and the increase in the value-added component of such exports (e.g. in dairy products).

Second, the EU cereal sector has a unique characteristic when compared with other exporters. While oilseed yields are quite similar around all major players (soyabean yields are roughly 3 tonnes per hectare, whether one looks into the US, Brazil, Argentina, Canada, China or the EU), wheat yields provide a completely different picture. Wheat yields in the traditional soyabean exporters are similar to soyabean yields (actually slightly lower), while in the EU wheat yields are almost double those of soyabeans (China also has higher wheat yields). Therefore, if the EU were to substitute

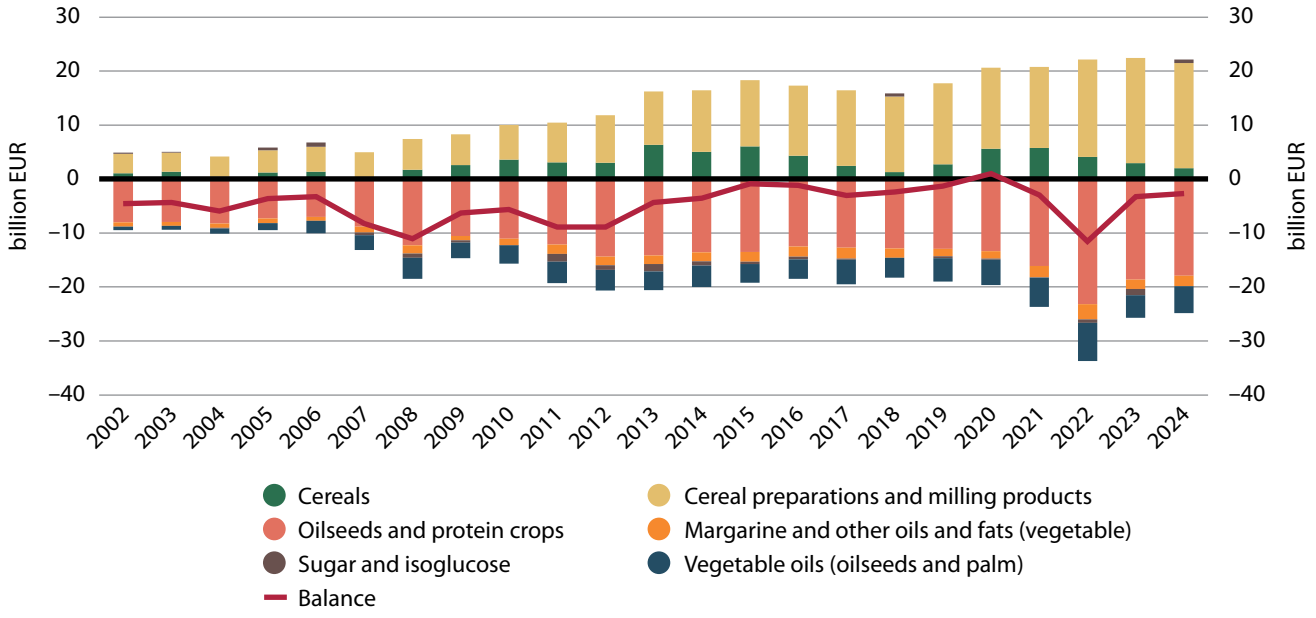

Figure 4: EU C.O.P. trade balance (2002-2024).

Source: Eurostat (2025).

imported soyabeans with domestically produced soya, given the lack of land availability it is the EU's wheat export surplus that would be drastically reduced, with the world facing an annual shortage of roughly 30 million tonnes of wheat compared to present levels.

In other words, instead of improving the EU's "food sovereignty", such a switch would be to the detriment of global food security. Moreover, although it is often argued that such a change should be accompanied by dietary shifts that reduce animal-based proteins, the characteristics of EU agriculture are such that both the availability of extensive grassland and crop yield realities explain why even in such a case things would not change much. It is not just from an economic, but also from an environmental point of view that efficiencies in EU land management, which have not been reflected in its agri-food trade developments, will also matter in terms of global crop and animal food supply efficiencies even if such shifts materialise.

What's next for EU agricultural trade policy?

Food security and climate action – substitutes or complements?

Ever since the 2015 Paris Agreement on Climate Change brought the need to address climate change with action addressing both mitigation and adaptation needs into the forefront of policy debate, the polarisation of opinions treating food security and climate action as either/or solutions has dominated the policy debate. Especially in the European Union, this polarisation is not new. "Even before climate change took centre stage in the EU public debate, it had become clear that, in all basic human needs – food, shelter, clothing, energy, transport – we are rapidly moving from a phase of solving economic and social problems at the expense of the environment towards a phase of potentially solving economic and environmental problems, yet with often increasing social tensions." (Haniotis, 2020).

Yet the COVID19 crisis triggered a resurgence of this polarisation in a debate around two global challenges that need to be solved in tandem – climate change and food security. In this polarisation, two diametrically opposed views whose origin is common, the genuine need to address these issues, put different weights on solutions (either climate change or food security first), often resulting in considering as trade-offs areas where there are potential synergies and imagining synergies where there are trade-offs. The pandemic crisis briefly helped as proof that, despite claims that "food systems are broken" and policies around food are a "catastrophe", the food system, despite its genuine shortcomings, which are part of a much broader, complex picture, exhibited a remarkable degree of resilience, reflective of adaptability and innovative sophistication, especially when compared with other parts of the economy.

But old habits die hard, and the recovery from the pandemic, asymmetric not only in terms of economic impacts but also in terms of policy responses, brought the polarisation around food security and climate action back into the core of the debate about the future of the EU food system. In the real world, food security and climate change are global problems that require global solutions – hence the great difficulty of coordinating actions for such solutions. But as global problems, they also require a global view of their various dimensions. The EU cannot be criticised for lacking a global view for such solutions (and this does not preclude doubts on the practicality of its proposals). Yet when it comes to food security, the global view on what the problem means in concrete practical policy terms disappears from the debate.

On the one hand, those prioritising climate action consider that the EU does not face any food security issues given its trade position. If anything, they consider that there is space for substitution of some of its imports and the need for a reduction in its livestock production. They thus treat food security as a regional issue, considering (without openly admitting it) the necessary increase in sustainable productivity as a threat to the achievement of climate targets (which are also viewed locally in practice). This stance seems to have learned little from the increasing gap between the excessive targets set and the declining prospects for their realisation, and thus the need to adapt strategy and tactics to achieve real progress.

On the other hand, those allergic to climate action (also up until recently not openly admitting it) find in food security the pretext to block any ambitious action to address climate change either because they consider that the cost of such action is prohibitive, at least in the short-term, and find the presence of an economic crisis (for which there is no shortage of late) as an excuse to procrastinate. Where both points of view seem to agree is on turning food security into an anti-globalisation platform. Solutions that, in the specific context of addressing domestic demands, are absolutely legitimate (strengthening the domestic production potential, encouraging innovative local networks), are presented as the magic wand that would solve real and perceived problems of globalisation by ignoring that food security is, after all and above all, a global challenge that "food-sovereign" solutions can only make worse.

Risks, tensions and potential synergies

Seen in their isolation, and especially in their regional dimension, arguments from both sides of this debate have their merit. With climate change exceeding even pessimistic scenarios in terms of its impact and Europe being the continent where warming is the fastest prioritising climate action regardless of what other parts of the world are doing makes sense. It is not by slowing down progress so that others catch up that progress has been achieved in as many areas of human activity. On the contrary, assuming leadership in climate action has its own merit, provided that successful results can act as models convincing others for action.

Food security concerns are also linked to the need for less import dependence when it comes to strategic sectors, and food is by its nature strategic as addressing the most essential human need. Rebalancing trade flows in a manner that helps the local food industry has multiplier effects throughout the

food chain as long as it is not based on trade distorting policies which risk retaliatory measures.

Yet putting together climate action and food security in the concrete case of the EU shows the complexity of the underlying causes for this polarisation. All major agricultural countries and regions faced constrains in meeting the growing demand needs from an increasing world population. Yet their emissions footprint has been very different during the past 30 years. The starting point obviously makes a difference, and the EU was coming from a very intensive use of inputs, but its agriculture has shown steady progress in reducing its fertiliser use or its cattle herd, unlike what happened in other major global players such as China, India and Brazil (the US has increased emissions form agriculture only slightly).

This reality brings tensions in a series of areas. First of all, between the developing world and the EU with the former arguing in favour of food security as a primary concern advocating slower progress in climate action. Second, within the EU, between those arguing for faster climate action, and thus inevitably considering insufficient any progress made within the EU. Third, between the EU and other developed countries because of the reluctance of the EU to apply technologies that could accelerate productivity growth in a more sustainable way than today.

The above tensions are characteristic of a persistent set of negative attitudes in the EU that act as communicating vessels feeding each other covering trade, science and productivity. Food needs to flow where needed. Trade, far from perfect in terms of the spread of its benefits, is a mechanism that mitigates the negative impacts from food deficits. Science is the mechanism that covers gaps in knowledge and innovation in addressing climate change with new more sustainable practices. And productivity is the means to cover globally the additional food production needs.

The facts clearly point out to an uncomfortable reality – globally, we need to produce more with less; therefore, both economic and environmental efficiency matter. Maybe not all current production needs to be consumed everywhere, but as long as we agree that choices cannot be imposed, but should instead be guided, then what will be produced better be produced with the lowest joint environmental and economic cost. The EU as a supplier of food provides plenty of examples that this is not something that is only potentially possible in the future, but is instead something happening already. Yet the EU, as a consumer of food, provides evidence that the gap between facts and perceptions can have a significant impact on the manner by which trade, as the meeting point of supply and demand, can be affected by such tensions.

It will not be that easy for the future CAP

This paper described a period when the EU exploited the benefits of its reform process in its agri-food trade performance in a manner that, normally speaking, should deserve recognition. In fact, if one were to remove the CAP reform from the OECD's Producer Support Estimate (PSE), global agriculture would have very little to show for itself in terms of moving to less trade distorting policies.

Yet the world of today is not one whose priorities are those that led to the previous CAP reform paths that had market orientation at their core. The world today, at least the EU part of the world, is one where EU citizens select their food from the widest and safest set of food choices possible, and yet this unprecedentedly *abundant and secure food supply* is criticised for its impact on health.

It is a world where the vast territory of EU landmass contributes more to the production of its food and feed, and less to its fuel and fibre, in a complex symbiosis between agriculture and the environment that is hotly debated in terms of the balance between its negative and positive externalities on air, water, soil and biodiversity.

It is a world where the small and constantly shrinking EU primary sector, supplied upstream by inputs and supplying downstream its output, is more integrated as part of a global food chain system and bio-economy, with its growing sophistication globally recognised, placing it in many areas at the technological frontier of food trade or environmentally savvy precision farming. Yet, while the benefits are both widespread and measurable in terms of growth and jobs in the overall economy and in trade, so is criticism about the perceived and real bottlenecks in the food system and the uneven distribution of its benefits.

It is in this complex context that the future of the EU agri-trade will be shaped. How exactly will become clear soon. The move away from supporting products into supporting producers led to an undisputed economic outcome – a significant improvement in the competitiveness of the EU's agri-food sector. This came about not by accident, but as the result of policy design based on analytical evidence. Despite signs to the contrary, one can only hope that the debate that will shape the future CAP will not overlook this crucial lesson.

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