

Reconstructing the Common Agricultural Policy (CAP)

Innovation, Efficiency, and Competitiveness

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About EPIC

The European Policy Innovation Council (EPIC) is a Brussels-based think tank dedicated to revitalising European policymaking through bold ideas and strategic communication. As a knowledge partner to the European Liberal Forum (ELF) under a framework agreement, EPIC contributed targeted research capacity and analytical expertise to support the Innovation Policy Labs. EPIC collaborated closely with ELF and FNF to develop high-impact content and contribute to the broader policy debate at the European level.

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Foreword



MEP Emma Wiesner

Renew Europe Group

Agricultural policy has acted as a thorn in the side of the European liberal family for decades.

Coming from a liberal party with roots deep in the agrarian movement of the early 1900s, I have experienced the difficulty of this debate first hand. And since this is such a complex field, I have made a point of spending a lot of time listening to better understand the agricultural community's point of view.

Agriculture is an intersection of many political issues. On one hand, it is a deeply cultural issue connected to old traditions, the landscapes of old tales and the food of our grandmothers. On another, it is the ecosystem of economic activity that fuel rural areas, provide nutrition to growing populations and ensure trade worth millions of euros every year. Finally, the practice and policy of agriculture make us question the rights we have in relation to nature, as guardians or equals, in producing or preserving.

The Common Agricultural Policy (CAP) - often referred to as 'the beast' by lobbyist, NGOs and interest groups - impossibly must take into account all of the above dimensions. The CAP is an intricate fabric woven over decades, with slight variations or additions in

the pattern but without major interruptions. In our time of abrupt geopolitical shifts, liberals must decide what kind of pattern we would like to weave next.

I believe that the major tasks for the Common Agricultural Policy are in finding balanced incentives that are applicable to on-farm realities, tackling the upcoming enlargement of the European Union and its impact on the geographical balance of the CAP budget, and making sure that farms independent of their size will be in active production. You might have another opinion, which is the whole point of this exercise.

No matter what type of liberal you are or how you would like to approach the subject of agricultural policy, I hope that this policy paper will help start a discussion.

Enjoy,

Emma Wiesner

Member of the European Parliament, Renew Europe Group

Introduction

The Common Agricultural Policy (CAP) has long been the solid framework of the European agricultural sector, promoting quality and safe food, rural development, and market stability. However, the current financing and delivery model, which allocates subsidies based on land area rather than efficiency or innovation, is increasingly misaligned with the EU's broader economic, environmental, and technological ambitions. This approach disproportionately benefits large landowners, fails to sufficiently incentivise innovation, and does not effectively support the know-how-driven transition towards a more sustainable and digitalised agricultural sector and the necessary generational renewal.

The global agricultural landscape is undergoing rapid transformation, driven by climate change, shifting geopolitical dynamics, technological advancements, and evolving consumer demands. These changes require a CAP that is adaptable, resilient, and forward-looking, capable of enhancing both European food security and global agricultural competitiveness. A reconstructed CAP must shift from land-based subsidies to a performance-driven model, emphasising:

- productivity per hectare rather than goods and services delivered for public funding;
- sustainability and circular economy principles to improve resource efficiency;
- technological adoption and innovation incentives to modernise farming practices;
- a streamlined governance and funding model as well as legislative framework that reduces administrative burdens and increases effectiveness while ensuring legal security; and

- the enabling of land ownership and access to finance, including for women and young farmers.

The challenges within the current CAP structure highlight the urgency of reconstruction. The existing model not only fails to support efficiency and sustainability but also creates inequities in agricultural support, disadvantages small and medium-sized farmers, and discourages the uptake of innovative practices. Furthermore, as the EU considers the integration of Ukraine, a country with significantly larger average farm units, CAP's financing model will become even more unsustainable unless it is restructured.

A modern CAP must be adaptive, innovation-driven, and aligned with the EU's Climate Law objectives. By shifting the focus towards innovation, efficient land use, and a streamlined funding mechanism, CAP can evolve into a strategic tool for strengthening Europe's agricultural competitiveness while promoting sustainability and resilience.

This paper outlines the key challenges in the current CAP structure, proposes a comprehensive framework to ensure that Europe's agriculture and food policy remains fit for the twenty-first century, and addresses potential barriers to its implementation.

Chapter 1

Key challenges in the current CAP structure

Financing based on land mass

The current CAP system mainly distributes subsidies based on farm size, meaning that larger landowners receive a larger share of funding, regardless of their efficiency, sustainability, or use of innovative practices. This system creates inequities in agricultural support, often benefiting large-scale, industrial farms over small and medium-sized farms, even if the latter would operate more efficiently.

Moreover, as the EU considers potential future integration of countries with significantly larger average farm sizes, such as Ukraine, where the average farm size exceeds 500 hectares, the existing CAP financing mechanism will become unsustainable and unfair. The entry of Ukraine into the EU's agricultural framework would place immense strain on CAP's budget, potentially diverting funds from existing EU farmers to accommodate farms that are much larger than the EU average. This underscores the urgency of restructuring CAP's financing model, shifting from land-mass-based subsidies to a performance-oriented system that incentivises efficiency, productivity, and sustainability.

A new system must reward farmers based on innovative land use, the adoption of new technologies, and environmental impact, rather than simply the size of their landholdings. This would ensure that small and large farms compete on an equal footing, fostering fair competition and promoting sustainable agricultural development.

Lack of incentives for innovation



Farmers who implement cutting-edge solutions such as precision farming, soil analysis technology, and efficient water management systems do not receive enough financial benefit from CAP subsidies.

Innovation is crucial for the long-term competitiveness and sustainability of European agriculture, yet the current CAP framework fails to adequately incentivise the adoption of advanced farming technologies and sustainable practices. Farmers who implement cutting-edge solutions such as precision farming, soil analysis technology, and efficient water management systems do not receive enough financial benefit from CAP subsidies.

A tech-neutral approach is needed to encourage a diverse range of high-tech, low-tech, and bio-tech solutions to optimise agricultural productivity and environmental sustainability. This could include:

- precision agriculture tools, including satellite imagery (Copernicus), soil sensors, and AI-driven analytics, which can maximise yields while minimising environmental impact and lower costs;
- efficient water management technologies, including drip irrigation, rainwater harvesting, and smart irrigation systems, to optimise water use, particularly in drought-prone regions; and
- circular agricultural practices, such as manure management, regenerative farming, and agroforestry, which improve soil health and enhance biodiversity.

A new CAP must integrate performance-based incentives, rewarding farmers for implementing innovative, climate-smart agricultural solutions that improve productivity while reducing environmental impact. It should also be flexible enough to allow for integration of new innovations during the financing period. And finally, technological innovation must go hand in hand with process innovation, driven by the transfer of best practice between Member States and a truly European Farm Advisory Services (FAS).

Underutilisation and administrative complexity

Despite the significant resources allocated to CAP, many farmers do not fully utilise the subsidies available to them. One of the key reasons is the fact that CAP is not a tool for agricultural production but rather a bureaucratic mechanism disconnected from real-world farming challenges. By adopting a third simplification package in a bit more than a year with a fourth one already planned for the autumn, the Commission has made this fact obvious.

Several administrative barriers contribute to this underutilisation:

- Excessive paperwork and delays in payments discourage small and medium-sized farmers from applying for CAP support.
- Complex eligibility criteria create confusion about which investments are covered by CAP subsidies.
- Lack of, and ill-suited, technical assistance prevents farmers from understanding how they can use CAP funding to modernise their agricultural practices.

Furthermore, CAP's current structure generally incentivises individual ownership of farming equipment rather than fostering cooperative use of machinery and resources, as some Member States have managed to do. This not only increases overall costs for farmers but

also reduces efficiency in resource allocation. A more flexible CAP framework drawing from best practice models across Member States should promote shared access to agricultural tools and infrastructure, particularly among small and medium-sized farms, to enhance competitiveness and reduce financial burdens.

A simplified and digitally streamlined CAP application process could significantly increase farmer participation, ensuring that CAP funding effectively supports agricultural productivity and modernisation. Again, Member States' best practices need to be rolled out as a general approach across Member States.

External reliance poses a major food security risk, as geopolitical tensions, trade disruptions, and supply chain vulnerabilities can lead to price volatility and resource shortages.

In this context, it is of utmost importance that the FAS, a conditionality for Member States to establish in order to access rural development funding, is managed based on EU-wide tendering procedures. This will allow open competition of private and public entities and assure that farmers in all Member States receive the best technical assistance possible.



Reliance on external inputs and food security risks

The EU remains heavily dependent on external inputs (including energy), particularly Russian fertilisers, non-EU protein sources, and South American animal feed supplies. This external reliance poses a major food security risk, as geopolitical tensions, trade disruptions, and supply chain vulnerabilities can lead to price volatility and resource shortages. At the same time, it raises issue regarding due diligence in the supply chain (e.g., workers' rights, land use, pesticide residues).

For instance, the Russia–Ukraine conflict exposed the EU's vulnerability in fertiliser supply, highlighting the urgent need for domestic production and diversification of agricultural inputs. Similarly, dependence on soy imports from Brazil for animal feed creates exposure to supply chain disruptions and environmental concerns, such as deforestation linked to soy production.

A more resilient CAP framework must:

- reduce reliance on imported fertilisers by investing in locally produced or alternative fertilisers, such as organic and bio-based solutions;
- support local and European-based protein sources, including plant-based proteins, grass-fed livestock systems, and alternative feedstocks for animal production; and
- enhance investment in agroecological practices that improve soil fertility and nutrient recycling, reducing dependence on synthetic fertilisers.

By promoting self-sufficiency and supply chain resilience, CAP can safeguard European food security against external shocks.

By promoting self-sufficiency and supply chain resilience, CAP can safeguard European food security against external shocks. A key factor herein is to re-establish first-level food processing and foods crafts across Europe. Ensuring access to local slaughterhouses and dairies for small farmers who produce limited quantities of products, thus keeping the distance they must travel and their costs low,

and establishing a permanent demand for quality local food, driven by small and medium-sized enterprises' innovative food crafts (from bread to alcohol), is crucial for a resilient European food system.

Challenges in agricultural education and knowledge transfer

Despite Europe's strong leadership in agricultural research and education, the transfer of knowledge from research institutions to farmers remains inconsistent. While Europe boasts some of the top agricultural and food science universities in the world, most farmers do not have direct access to cutting-edge research (or even the incentive to use it), training, or advisory services that could improve productivity and sustainability. As noted above, allowing for EU-wide open tenders for FAS is critical.

Generational knowledge transfer is another pressing issue. The average age of farmers in the EU is over 57 years, meaning that the next generation of farmers must be equipped with modern agricultural skills to drive sectoral transformation. However, there are barriers to accessing education, training, and financial support for young farmers entering the industry, notably regarding access to finances and land ownership.

A new CAP should:

- enhance access to lifelong learning and digital advisory services, ensuring that farmers have continuous access to the latest agricultural advancements;
- strengthen local and national agricultural advisory networks, such as peer-led farmer cooperatives, independent research centres, and EU-wide knowledge-sharing platforms; and
- expand financial and technical support for young farmers and new entrants, reducing entry barriers to land ownership and innovation-driven farming.

Programmes that promote knowledge sharing, apprenticeships, and precision farming training should be integrated into CAP, guaranteeing that the next generation of farmers is equipped with the skills and expertise needed to modernise the sector.

The current CAP structure presents several systemic challenges that limit its effectiveness in driving agricultural innovation, sustainability, and competitiveness. A transition from land-mass-based subsidies to a performance-driven model is essential to secure the fairer distribution of funds, greater efficiency, and improved sustainability across the EU farming sector.

A new CAP must be adaptive, innovation-driven, and responsive to both economic and environmental challenges. By addressing these core issues, CAP can evolve into a strategic tool for making European agriculture the most sustainable, digitalised, and resilient system in the world.

Chapter 2

Proposed reforms for CAP

Innovation and circularity proofing for CAP subsidies

The current CAP subsidy model, which prioritises land area over efficiency, fails to encourage technological innovation, sustainable land use, and circular agricultural practices. A restructured CAP should shift financial support towards innovation, efficiency, and sustainability by linking subsidies to performance-based criteria rather than acreage alone.

This shift would:

Encourage high-value, sustainable production

- CAP should reward farmers who implement processes that increase carbon sequestration, nature restoration, and biodiversity conservation practices. These include agroforestry, regenerative agriculture, and rotational grazing systems, which improve soil fertility while reducing emissions.
- Funds should be allocated for nature-based solutions, such as wetland restoration, afforestation, and rewilding projects, that increase ecosystem services and climate resilience.
- Expanding CAP support to soil health management and conservation tillage would further reduce soil erosion, nutrient depletion, and carbon loss.
- A market should be established for carbon farming certificates (to be linked to the Emissions Trading System in the long term).

Remain technology-neutral while maximising efficiency

- CAP subsidies should enable farmers to adopt a mix of high-tech, low-tech, and bio-tech solutions, rather than favouring specific technologies.
- This would allow precision agriculture, including drone technology, GPS-based crop monitoring, and AI-driven analytics, to improve resource use while also supporting traditional, nature-based techniques such as composting, polyculture, and agroecology.
- A tech-neutral approach ensures that farmers can select the most appropriate innovation for their specific climate, soil, water, and economic conditions, fostering greater flexibility and adaptability.
- The authorisation process for innovative products should be simplified (including mutual recognition).

An aerial photograph of a rural landscape. In the center, a small village with several buildings and a road is visible. Surrounding the village are terraced fields, some green and some brown, arranged in a wavy pattern. A large, semi-transparent white quote icon is overlaid on the left side of the image.

Shift financial support towards **innovation**, **efficiency**, and **sustainability** by linking subsidies to performance-based criteria rather than acreage alone.

Support systemic approaches that integrate modern technology with soil health, emissions reduction, and animal welfare improvements

- CAP should incentivise precision irrigation, water recycling, and sustainable drainage to increase water efficiency in drought- or flood-prone areas.
- Greenhouse gas emissions reduction should be linked to CAP incentives, with funding for methane-reducing livestock feed, farm-scale bio-digesters, and efficient, circular, or regenerative soil management.
- Improved animal welfare should be integrated into CAP, recognising the direct link between livestock welfare and health, emissions reduction, and productivity.
- Mixed farming systems should be promoted as a more sustainable and resilient approach.

Address antimicrobial resistance (AMR) by incentivising alternative solutions

- Overuse of antibiotics in agriculture contributes to the rise of AMR bacteria, which poses a major threat to public health.
- CAP should support alternative solutions, such as probiotic-based feed, which have been proven to reduce disease risk, improve gut health, and enhance livestock productivity without contributing to AMR.
- Integrating biosecurity measures and better herd management into CAP subsidies would further enhance resilience in animal husbandry.

Utilise agroecology as a framework for defining innovation

- Agroecology, an emerging social movement and scientific process, prioritises ecological balance and efficiency without prescribing specific technological interventions, making it an ideal guiding principle for CAP modernisation.
- Agroecological approaches allow for a combination of modern and traditional methods, representing a flexible, context-specific approach to innovation.
- By using agroecology as a benchmark for CAP funding criteria, policymakers can ensure that all innovations contribute to long-term environmental, economic, and social sustainability.

A CAP structured around innovation, circularity, and sustainable land use would create a more resilient agricultural sector, fostering economic stability while positioning the EU as a global leader in high-tech, environmentally sustainable farming.

Simplifying CAP into a single fund for innovation and efficiency

The current CAP framework is fragmented across multiple funding mechanisms, leading to bureaucratic inefficiencies, delays in payments, and unnecessary complexity for farmers. A simplified CAP structure, consolidating funding streams into a single, flexible fund focused on innovation and efficiency, would improve access, enhance oversight, and increase impact. At the same time, co-funding by Member States must be allowed within general EU-wide rules.

A legislative framework that has grown over more than six decades into a hugely complex and increasingly irrational model, understandable only to long-term insiders, has given extreme power to bureaucrats intent on defending their turf while increasingly disregarding stakeholders' needs. This process has been further exacerbated by the large amount of new legislation adopted under the Green Deal. The plethora of inconsistencies and contradictions as well as unmanageable requirements for information and data call for radical action.

A single, streamlined CAP fund should:

Allow farmers and local authorities to access diverse funding options within one framework

- Farmers, cooperatives, and local rural stakeholders should be able to apply for financial support from a unified CAP fund, eliminating redundant administrative hurdles.
- This fund should integrate financing for sustainable land use, innovation, rural development, and climate adaptation, ensuring a holistic approach to agricultural modernisation.
- Multi-level governance should be maintained, allowing regional and local authorities to shape funding priorities based on specific agricultural challenges in different EU Member States.
- Ring-fencing for key EU-wide objectives such as climate action must be introduced.
- Simplified cost options and the use of standard cost units must be introduced as a general rule, the single audit principle adhered to, and all reporting obligations integrated into a unified system in each Member State.

A simplified CAP structure, consolidating funding streams into a single, flexible fund focused on innovation and efficiency, would improve access, enhance oversight, and increase impact.



Shift the basis for subsidies from land ownership to innovation and efficiency

- Subsidies should be linked to farm productivity, sustainability performance, and digitalisation, rather than simply the amount of land owned.
- CAP should support digital farming initiatives, including blockchain-based supply chain tracking, automated climate monitoring systems, and AI-powered farm management tools, helping European agriculture stay competitive in a digitalised world.
- To increase productivity while reducing environmental impact, subsidies should incentivise integrated pest management, smart crop rotation, and alternative protein sources (e.g., sustainable plant-based or insect-derived feeds).

Reduce bureaucratic barriers while securing effective oversight

- A single CAP application process should replace multiple, overlapping bureaucratic requirements, reducing the administrative burden on farmers.
- Digital tools, such as EU-wide farm databases and automated compliance monitoring, could streamline reporting, reducing delays in subsidy payments and improving transparency.
- Strong anti-corruption mechanisms should be implemented to prevent abuse of CAP funding so that resources are directed to farmers and projects that drive real innovation and sustainability.

By simplifying CAP into a single, flexible innovation and efficiency fund, the EU can:

- increase farmer participation, ensuring that subsidies reach those who need them most;
- improve funding allocation, directing resources towards initiatives that drive technological progress and sustainability; and
- reduce waste and inefficiency, maximising the impact of CAP on economic growth, rural development, and environmental protection.

This reform would align CAP with the EU's ambition to become the most digitalised, sustainable, and technologically advanced agricultural system in the world, attracting greater investment and securing Europe's long-term food security.

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Chapter 3

Addressing barriers to implementation

Implementing a modernised, innovation-driven CAP presents several challenges that must be proactively addressed to assure successful adoption and long-term impact. The transition to performance-based subsidies, sustainable farming practices, and enhanced technological adoption requires a strategic approach that balances economic feasibility, environmental goals, and farmer participation. The following key barriers must be tackled to facilitate a smooth and effective CAP reform.

Resistance to change in the farming sector

One of the core challenges in CAP reform is not a blanket reluctance among farmers to adopt modern practices, but rather the pace and accessibility of the transition to innovative methods. While many farmers are open to new technologies, especially those with proven benefits, limited financial resources, administrative burdens, and uncertainty around return on investment often delay uptake. This is particularly true in rural and generational farming communities, where access to capital and tailored advisory support may be limited. The issue is less about resistance to change and more about ensuring that farmers have the means, knowledge, and incentives to make the shift sustainably and confidently.

Limited awareness of and familiarity with new techniques

- While Europe leads in agricultural research and innovation, many farmers do not have direct access to knowledge-sharing platforms or advisory services that could help them adopt modern techniques.
- Without targeted efforts to increase awareness and accessibility, many farmers will continue to rely on outdated and less sustainable agricultural methods.
- An EU-wide FAS is essential to bridge the gap between innovation and on-farm implementation by providing all farmers – regardless of farm location or size – with tailored, up-to-date guidance. It ensures equitable access to knowledge, supports compliance with CAP reforms, and accelerates the adoption of sustainable and digital practices across the EU.

Economic and psychological barriers to change

- The shift to precision agriculture, regenerative farming, and digital farm management often requires initial investment, technical training, and adaptation periods, which can deter farmers from experimenting with new practices.
- Farming – like any other business – prefers stability over risk, particularly in regions where market volatility, climate unpredictability, or financial constraints make drastic changes impractical.
- Farmers benefit most from learning through peer-to-peer exchange and best practice sharing, which could be further enhanced through a structured mobility scheme – an ‘ERASMUS for farmers’ – that enables practical, cross-border learning experiences.

A phased approach to innovation

- CAP reform should include a gradual transition period that allows farmers to adopt modern and more sustainable practices incrementally, avoiding disruptions to yield stability and economic security.
- Financial incentives, pilot programmes, and advisory support should be provided to guide farmers through step-by-step innovation adoption, rather than imposing abrupt policy shifts.
- Legal security should be guaranteed to allow for long-term investments.

Investment in lifelong learning and knowledge networks

- Greater investment in education, extension services, and peer-to-peer learning is essential to encourage farmers to adopt and trust new agricultural techniques.
- CAP should expand advisory programmes, digital learning tools, and cooperative farming initiatives that provide farmers with practical training and continuous support.
- Regional demonstration farms and model projects should be established to serve as proof-of-concept examples, showing farmers the economic and environmental benefits of innovation firsthand.

Encouraging a culture of innovation within the farming sector requires education, financial security, and policy flexibility, ensuring that farmers feel supported rather than forced into making changes.

Defining 'efficient land use' in CAP governance

For CAP to transition away from land-mass-based subsidies, a clear and measurable framework for 'efficient land use' must be established. Without a standardised definition, the risk of inconsistent policy implementation and uncertainty for farmers could undermine the effectiveness of the reform.

Balancing productivity with sustainability

- The new CAP framework must guarantee that efficiency is measured not only by yield per hectare but also by sustainability metrics, biodiversity conservation, and soil health improvements.
- Efficient land use should encompass resource optimisation, climate resilience, and environmental restoration rather than simply maximising short-term output.

Governance and oversight by the European Board on Agri-Food (EBAF)

As proposed in the Strategic Dialogue, the EBAF could serve as a central regulatory body responsible for defining, evaluating, and updating efficiency metrics within CAP governance. The entire governance structure must be rebuilt as currently there are too many EU-based consultation bodies and too few at the national and local levels.

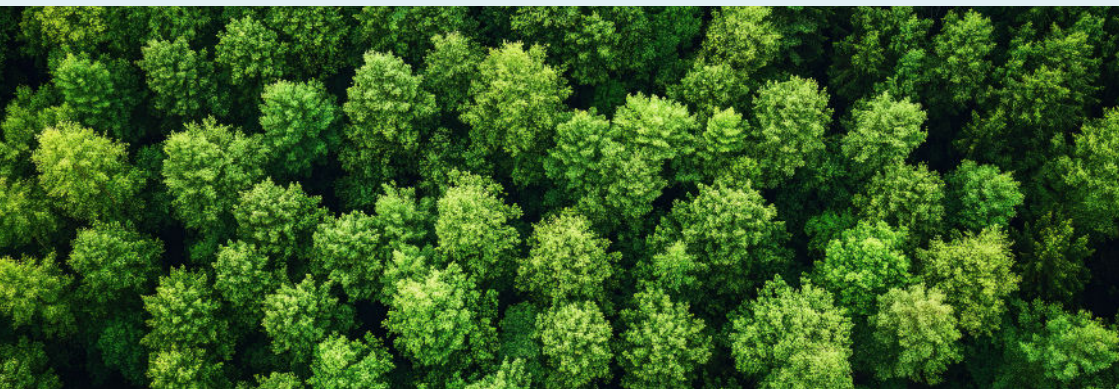
The board could:

- Develop data-driven efficiency criteria that reflect regional environmental conditions and technological advancements.
- Establish sector-specific benchmarks, recognising, for example, that efficiency in cereal production differs from efficiency in livestock or horticulture.
- Promote real-time monitoring systems using satellite imagery, AI-powered analytics, and precision agriculture data to assess land use effectiveness.

Aligning CAP with EU climate targets

- Efficiency metrics should be aligned with EU-wide climate goals, ensuring that CAP reform contributes to carbon neutrality, emissions reduction, and soil regeneration.
- Performance-based subsidies should reward farmers who increase efficiency while reducing environmental impact, reinforcing the EU's broader sustainability commitments.
- Information obligations and reporting requirements must be synchronised across sectors and legislation.

Defining efficiency within CAP governance will require scientific, economic, and environmental expertise to make sure that funding supports both high agricultural productivity and long-term ecological balance.



Ensuring access to financing in a post-land-based subsidy system

A significant concern in transitioning away from land-based direct payments is the impact on farmers' access to financing, as land ownership traditionally serves as collateral for agricultural loans. If direct payments no longer prioritise land area, financial institutions may be reluctant to offer loans under the same terms, potentially restricting farmers' ability to invest in innovation and sustainability projects.

Redefining financial models for agricultural lending

- Banks and financial institutions should be encouraged to develop new lending models that assess productivity, innovation adoption, and sustainability metrics, rather than relying solely on land size as collateral.
- A CAP-backed agricultural investment guarantee fund could be introduced to support farmers in securing credit for efficiency-enhancing projects.
- Public–private partnerships could facilitate risk-sharing mechanisms so that farmers who shift to climate-smart farming practices are not penalised by rigid lending criteria.
- Small and part-time farmers and first-time borrowers, women, and new entrants will require special attention.

Creating financial incentives for sustainable investments

- CAP funding should directly support farmers in accessing affordable credit for sustainable agriculture projects, such as solar-powered irrigation systems, precision nutrient application, and regenerative soil treatments.
- Low-interest loans, grants, and insurance schemes should be integrated into CAP to ensure that sustainability-driven farming is financially viable and competitive.

Maintaining stability during the transition period

- As the CAP subsidy structure shifts, a transitional support programme should be established so that small and medium-sized farms do not face sudden financial instability.
- Bridging mechanisms such as progressive subsidy reductions and financial education programmes can help farmers adapt to new financing models without disrupting productivity.

Ensuring that farmers can access capital and investment opportunities will be essential for driving long-term agricultural innovation under the reformed CAP framework.



Addressing CAP's role in animal welfare and AMR reduction

Despite growing recognition of the interconnection between animal welfare, food safety, and sustainability, CAP currently does not prioritise funding for animal health improvements. Integrating animal welfare and AMR reduction into CAP reform would strengthen both agricultural resilience and public health protections.

Enhancing preventative veterinary practices

CAP should fund preventative animal health measures, including:

- improved housing and feeding systems that reduce disease transmission;
- biosecurity upgrades, such as enhanced sanitation protocols and pathogen monitoring; and
- investment in alternative veterinary treatments that reduce reliance on antibiotics.

Incentivising probiotic-based and alternative solutions

- The overuse of antibiotics in farming contributes to AMR, which poses a serious threat to both livestock and human health.
- CAP should provide targeted subsidies for probiotic-based feed solutions, which have been shown to reduce disease risk, enhance animal health, and improve overall farm efficiency.

Linking animal welfare improvements to CAP subsidies

- Funding mechanisms should reward farms that adopt higher animal welfare standards, ensuring that livestock operations contribute to sustainable, ethical, and disease-resistant farming.
- Preventative approaches should be mainstreamed into CAP governance, reducing the need for reactive crisis-management funding when animal disease outbreaks occur.

By integrating animal welfare and AMR reduction into CAP reform, the EU can enhance food safety, reduce environmental risks, and improve livestock productivity, aligning CAP with broader One Health principles.



By integrating animal welfare and AMR reduction into CAP reform, the EU can enhance food safety, reduce environmental risks, and improve livestock productivity, aligning CAP with broader One Health principles.

Chapter 4

Conclusion: A CAP fit for the future

The Common Agricultural Policy must be reconstructed as a forward-looking, resilient, and innovation-driven framework that secures the long-term competitiveness, sustainability, and security of European agriculture, food, and rural areas. The challenges facing the sector – ranging from climate change and geopolitical instability to technological disruption and shifting consumer demands – require a European agri-food policy that is more adaptive, efficient, and aligned with the EU's broader economic and environmental goals.

By shifting the focus away from outdated land-based subsidies and towards productivity, efficiency, and sustainability, CAP can become a catalyst for agricultural modernisation and rural development. The reforms outlined in this paper provide a blueprint for making CAP a more strategic policy tool, one that not only supports farmers in the transition to a more sustainable future but also reinforces Europe's position as a global leader in high-tech, climate-resilient agriculture.

The success of CAP reform will depend on clear governance, targeted financial incentives, and a well-structured transition that guarantees that farmers have the resources, knowledge, and support to embrace new methods. Ensuring that CAP funding is accessible, transparent, and strategically allocated will be key to driving real transformation.

A modernised CAP is not just about supporting farmers – it is about protecting Europe's food security, strengthening rural economies, and making European agriculture a global benchmark for innovation and sustainability. Now is the time for decisive action to build a CAP that is fit for the twenty-first century and beyond.

What this publication is about

This book is about policy innovation, influencing change in a way that guarantees our fundamental liberal values while also delivering tangible results for people. It is about convincing the public that the EU is not only relevant in their everyday lives, but also capable of implementing policies that will significantly improve their quality of life. By presenting forward-thinking solutions and actionable strategies, this guide aims to demonstrate how liberal policies can address the pressing issues Europe faces today. Through effective governance, we can showcase the EU's potential to drive positive change, ensuring that our vision for a progressive and inclusive Europe becomes a reality. In answering the question of what kind of Europe we want, the answer is clear: we want a renewed Europe – a Europe with institutional reforms that make it fit for the current geopolitical circumstances, capable of responding swiftly and effectively to external pressures. We envision a renewed Europe that leads in technological progress and sustainability, setting global standards and driving innovation in a way that benefits all its citizens. Furthermore, we seek a Europe that can guarantee the safety of its citizens and uphold the European way of life, ensuring security and stability in an increasingly uncertain world. This vision of a renewed Europe is one that not only meets the challenges of today but is also prepared to seize the opportunities of tomorrow.

Outcome of the Innovation Policy Lab 2.0

This publication is the outcome of a joint undertaking between the European Liberal Forum (ELF) and the Friedrich Naumann Foundation for Freedom (FNF) Europe. Most of the ideas and proposals contained in this book were discussed and developed during a two-day conference of the ELF–FNF Innovation Policy Labs held in Brussels on 23 and 24 November 2024. The editor extends heartfelt thanks to Gréta Kiss from FNF and Bálint Gyévai from ELF for organising the

conference, and to the participants for their invaluable contributions. Special gratitude goes to Benno Schulz, Maximilian Luz Reinhardt, Dr Antonios Nestoras and Ailbhe Finn, who served as moderators during the conference and captured the participants' discussions and policy recommendations that form the backbone of this publication. Without the dedication and expertise of all these persons, this work would not have been possible.

Methodology

This publication is the outcome of a joint undertaking between ELF and FNF Europe. It represents a culmination of collaborative efforts, discussions, and expert insights aimed at addressing the multifaceted challenges confronting Europe. The ELF–FNF Policy Labs brought together a diverse group of policymakers, academics, practitioners, and civil society representatives from across Europe. This dynamic gathering fostered an environment conducive to in-depth analysis, debate, and creative thinking. The participants, each bringing their unique perspectives and expertise, played a crucial role in shaping the discussions and formulating the policy recommendations presented in this book. The process was highly participatory, with structured sessions designed to maximise interaction and the exchange of ideas. Through a series of workshops, panel discussions, and breakout groups, participants delved into key topics, identified pressing issues, and proposed actionable solutions. These insights were rigorously analysed and synthesised by the editorial team, ensuring that the chapters reflect the collective wisdom and innovative thinking of the Policy Labs. It is important to note that not all chapters in this publication were developed solely through this conference. While the majority of the content is derived from the Policy Labs, some chapters were influenced by additional research, expert consultations, and policy discussions. These contributions were integrated to provide a comprehensive and well-rounded set of policy proposals.

About ELF

The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 56 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks, and other experts. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different EU stakeholders.

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The Friedrich Naumann Foundation for Freedom (FNF) is a foundation in the Federal Republic of Germany devoted to the promotion of liberal principles and to political education. The goal of the foundation is to advance the principles of freedom and dignity for all people in all areas of society, both in Germany and abroad.

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