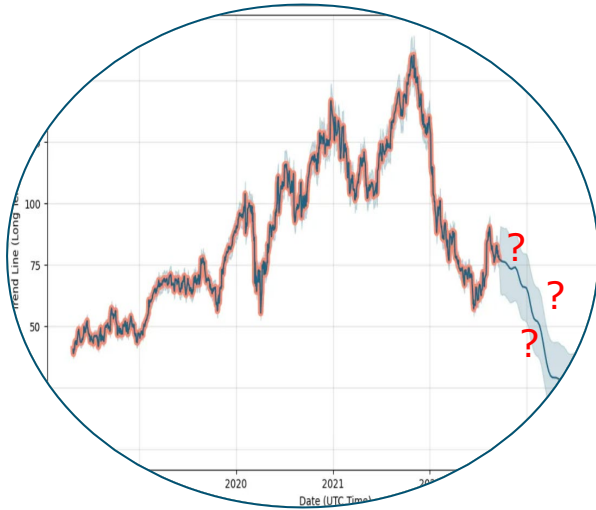


# Livestock: competitiveness, sustainability, and barriers. Some reflections from The Netherlands

Roel Jongeneel (WSER)



# Introduction

## Threads and opportunities

- The **economy** stupid
- Planetary (sustainability) **boundaries**
- Enabling **policies** for viable stewardship

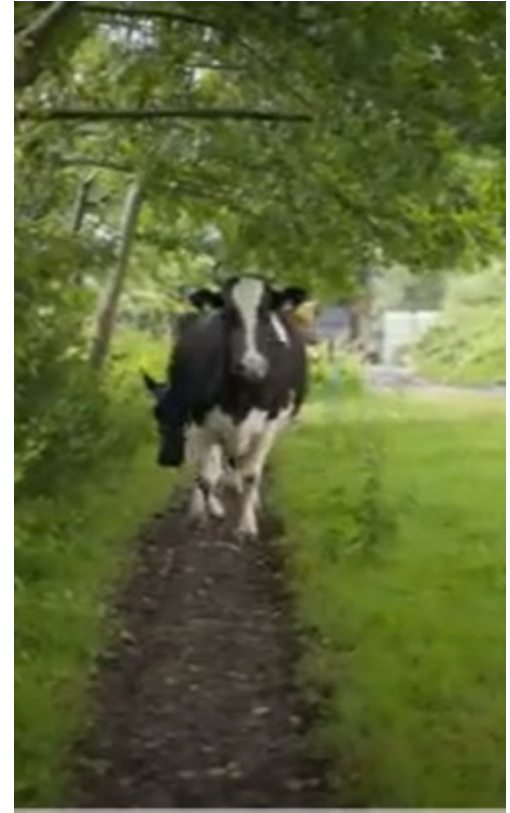
NEWS ARTICLE | 27 May 2025 | Brussels | Directorate-General for Agriculture and Rural Development | 2 min read

## Commission launches new Livestock Workstream as Part of the Vision for Agriculture and Food



# Highlights

- The livestock sector plays an important **economic role**, but is linked with serious **negative externalities**
- A **broad prosperity**-approach balances sustainability/biodiversity and economic viability by promoting sustainable competitiveness
- The **Dutch situation** signals **policy failure**, which has stalled the livestock sector now for 7 years
- Improved farm **management practices** and investment in **innovation** are crucial for inclusive productivity growth, sustainability, and competitiveness
- Innovate with respect to **policy approaches** (e.g. target steering) to improve efficiency, increase farmer support, and support competitiveness



# The market for livestock products in the EU

- Livestock is an **important** contributor to EU agriculture and involves 3.7 mill. **holdings**, **value** of production is about 170 bill.euro (40%)
- Livestock is **widespread** but **unevenly distributed** in the EU (IE, DK, BE, NL > 50%)
- All livestock populations are on a **declining trend** since last 2 decades (except for poultry)

**Table** Some indicators on supply and demand for animal products in the EU-27

Sector	Supply (production, mill t)	Demand (self-sufficiency, percentage)	Comments (e.g. wrt expected future trends)
Milk/dairy	152.6	117 (est *)	Production is stagnating, while demand for dairy products still slightly increases (cheese)
Beef & veal	6.4	104	Declining trend in production as well as in consumption
Pork	20.3	116	Slightly declining trends in both production and consumption
Poultry	14.0	108	Consumption follows an increasing trend; also production follows
Eggs	6.4	103	Increasing trend in both consumption and production
Sheep & goat	0.5	79	Slight decline in production and declining trend in consumption

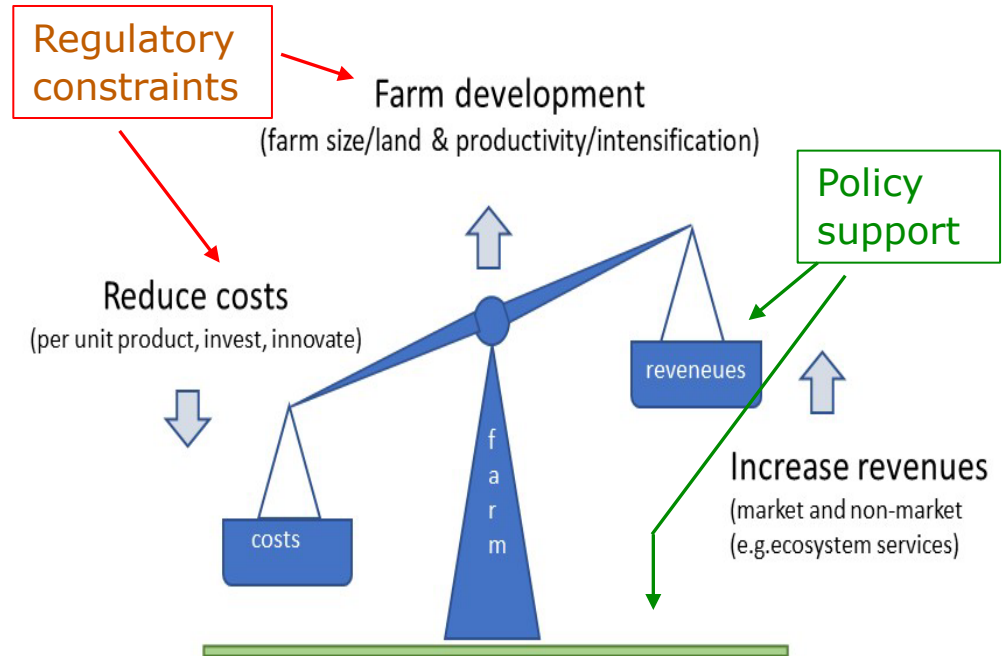
Source: Based on EU MTO, December 2024 (estimates for 2025) and BLE-CASA

Meats measured in c.w.e., with consumption being apparent consumption

\*) Dairy estimate based on CLAL (2023), others calculated from MTO by author. According to an own calculation for dairy a lower self-sufficiency degree was found of about 110)

# Understanding farm earning capacity: three pillars

- Farmer income is determined by **3 main factors**: (i) costs, (ii) revenues, and (iii) farm development
- The **market** for products is important, and dominating other revenues (e.g. MF)
- **Entrepreneurship** is important for farm performance
- Future **paradigm** should be 'inclusive productivity growth'
- Impact of **policy support** on structural change can be ambiguous



**Figure** The three pillars of a farmer's earning model

Source: adapted from Jongeneel (2020)

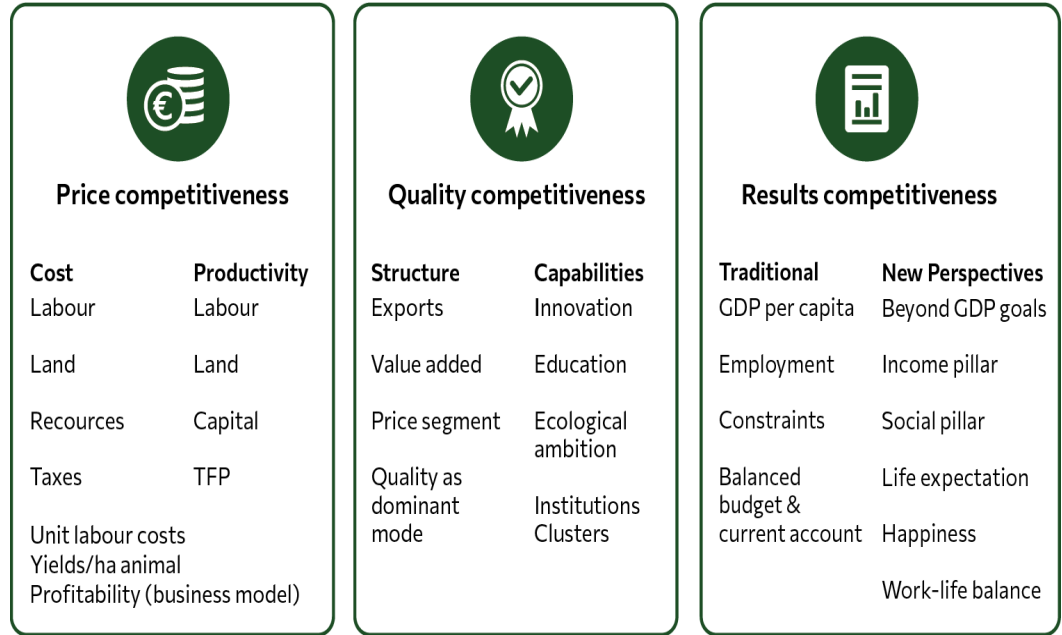
<https://research.wur.nl/en/publications/verdienmodellen-actualiteit-theorie-praktijken-en-beleid>

# Sustainable competitiveness

- What is in a name...?
- Competition is not an aim in itself but should **enhance human welfare** and contribute to an **efficient** use of resources given ecological **constraints**

Competition one should strive for is a multi-faceted phenomenon, accounting for inputs as well as outputs

(Aiginger and Vogel, 2025)



Conventional input-oriented competition

Sustainable competition

# Sustainability and livestock: env use space

- The livestock sector is impacting the **environment** in various ways
- ND, B&H-D, WFD, NR-Law, Climate-Law **regulate** the use of the environment
- Farm **management** practices and investment in **innovation** are crucial
- Environmental regulation currently imposes **barriers** to structural development and could benefit from simplification and innovation

A 'summary table' on selected EU Directives and how they relate to livestock

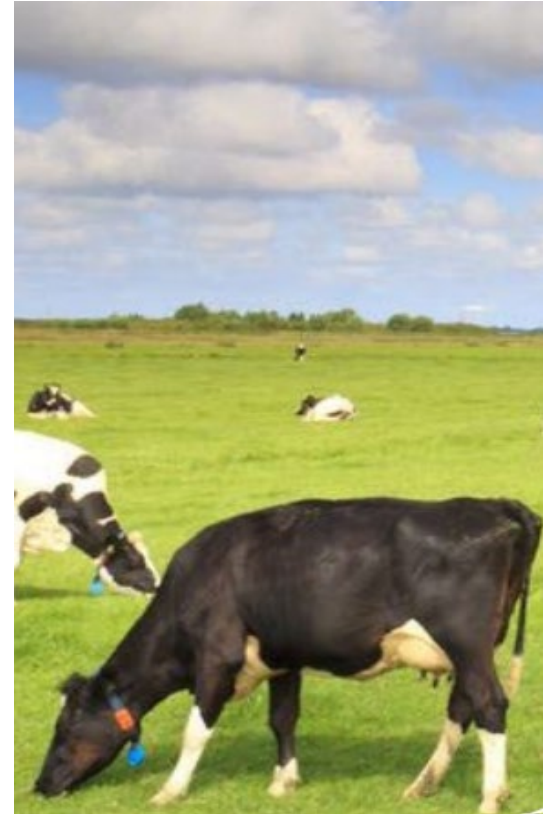
	Nitrate Directive	B&H Directive	Water Framework Directive
Main aim	water quality	nature conservation, N2000	water quality
Key target	<50mg N/liter	no deterioration	2027 goals achieved
Impact on livestock farming	Action programs	Need for nature licence	Regulatory constraints by water bodies
Examples of measures	manure application standards	ENVICLIM	buffer strips, precision agriculture

Source: Author



# A snapshot on the Netherlands (ii)

- Resolve **policy failure** ...
  - Too many and growing set of **prescriptive measures**
  - Lacking **robust and credible** long term objectives
  - **Buy-out** schemes can only be a partial answer
  - **Target steering (TS)** (result-based approach)
- **Learn** from ...
  - Past experiences (**antibiotics** policy)
  - Private sector schemes (and **collaborate**)



# Best practices: private sector/supply chain support

**Table Examples** of private sector initiatives for improving sustainability

Example	Brief description
Arla Farm Ahead (DK, UK)	Toolbox of data-driven and science-based technologies for ARLA farmer owners to measure, understand and move ahead in their individual sustainability transition on farm. Farmers are rewarded for the steps they have taken and will be able to identify the most effective next steps. <a href="https://www.arlafoods.co.uk/about-arla/arla-farmers/farm-ahead/">https://www.arlafoods.co.uk/about-arla/arla-farmers/farm-ahead/</a>
Latiere bas carbone (FR, CNIEL)	Has a regional focus, aims at low carbon footprint, involves 12800 audited farms and 1200 advisors <a href="https://www.low-carbon-dairy-farm.com/">https://www.low-carbon-dairy-farm.com/</a>
Low Carbon Dairy (NL)	Broad group of participants (Ben & Jerry, CONO, Nestle, Vreugdenhil, machineries, Rabobank) PPP for applied research; aims at 50% CO2 reduction) <a href="https://www.wur.nl/nl/project/low-carbon-dairy-samenwerken-aan-50-lagere-footprint-in-zuivelketens.htm">https://www.wur.nl/nl/project/low-carbon-dairy-samenwerken-aan-50-lagere-footprint-in-zuivelketens.htm</a>
RFC Foqus Planet (NL)	Includes a payment for low carbon footprint milk to at maximum 1.5 euro/100kg milk; The price premium can increase to 5 euro/100kg when performance w.r.t. biodiversity, animal welfare and grazing criteria is high. <a href="https://www.frieslandcampina.com/nl/eigendom-van-boeren/foqus-planet/">https://www.frieslandcampina.com/nl/eigendom-van-boeren/foqus-planet/</a>

# Elaboration on Target-steering

- **Policy innovation**  
(more result-based approach)
- Important **pro's and con's**
- Proven effectiveness
- Important economic benefits (least cost)
- ... but imposes policy **challenges**

Table Four ideal-types of target steering

TS-Approach	Target-relationship	Examples
<u>Condition</u> Driven (ConDA)	necessary (but not sufficient) conditions (efforts) are promoted	Agricultural nature and landscape management (AECM) in EU and Switzerland
<u>Results</u> Driven Incentivisation (RDIA)	Promotes improvement relative to defined and measurable target (results -based)	Danish CO2 tax on livestock production, German and Dutch Eco-schemes, and Swiss agri-environmental schemes
<u>Compliance</u> Driven (ComDA)	Target achievement is enforced and non-compliance is punished	Chargeable substance balance, the 1998 Dutch mineral accounting system (MINAS)
<u>Tradable Rights</u> Driven (TRDA)	Target achievement (at aggregate level) is enforced via tradable permits	Dutch phosphate quota in dairy, animal number rights in pigs and poultry

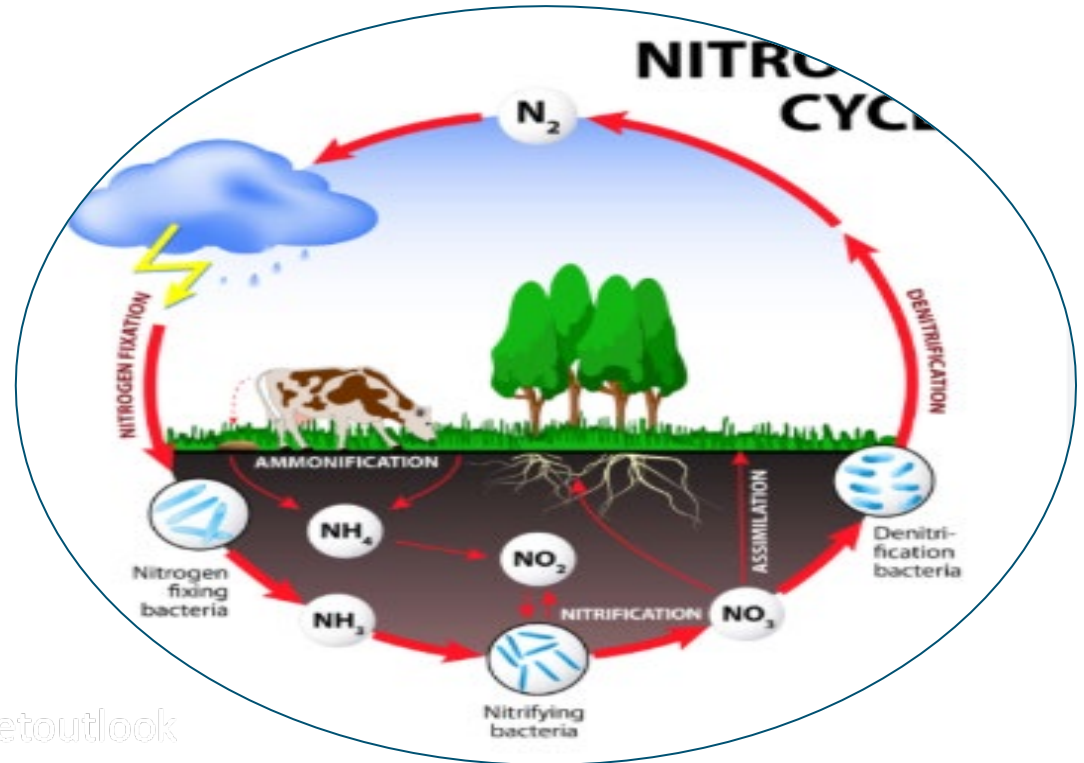
Source: Author

# Concluding remarks

- The livestock sector (except for poultry) is **stagnating** or in **decline** plays an important economic role, but is linked with serious negative externalities
- A **broad prosperity approach** to the livestock sector includes an orientation to improve its sustainable competitiveness (environmental and economic viability)
- The Dutch case illustrates that a **hampering policy approach** is bad for agricultural development, frustrating for farmers, costly and does not (sufficiently) help the environment and biodiversity
- Improved farm **management practices** and investment in **innovation** are crucial for inclusive productivity growth, sustainability, and competitiveness
- The EU has a **rich policy environment**, but should **better explore its potential** and be open to innovation with respect to policy approaches (e.g. target steering) and hybrid public/private-approaches

# Thanks for your attention

Questions ...?



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