Prepared by DigitalTrade4.EU

Aligning Digital Trade Solutions with CAP Simplification and Digitalisation

Feedback to the European Commission

June 2025

About Us

The **DigitalTrade4.EU consortium** envisions a **seamlessly interconnected Europe** and **neighbouring regions** powered by harmonized standards for the digitalisation of trade documents and processes. By fostering the digital transformation of trade, we aim to promote economic integration, enhance cooperation, and ensure long-term trade facilitation across borders.

Our consortium is made up of **experts in their field**, including **105 full partners**—trade associations, logistics providers, shipping lines, banks and insurances, technology innovators, etc.—**from 17 European Union countries** (*France, Belgium, Netherlands, Austria, Estonia, Finland, Italy, Latvia, Spain, Germany, Sweden, Poland, Luxembourg, Lithuania, Slovenia, Denmark, Bulgaria*) and **22 non-EU countries** (*United Kingdom, Switzerland, Montenegro, Japan, Singapore, Hong Kong, Australia, New Zealand, India, Nepal, Canada, United States of America, Cameroon, Morocco, Egypt, Kenya, Pakistan, Nigeria, Brazil, Uzbekistan, Turkey, Ukraine*).

Our consortium is already **aligned with the fundamentals** of the **EU Competitiveness Compass**. Learn more:

- How DigitalTrade4.EU Can Help Achieve the Objectives of the EU Competitiveness Compass (February 2025) https://www.digitaltrade4.eu/how-digitaltrade4-eu-can-help-achieve-the-objectives-of-the-eu-competitiveness-compass/

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Executive Summary

This document provides feedback from **DigitalTrade4.EU** on the European Commission's proposals for **simplifying** the **Common Agricultural Policy (CAP)**. We commend the Commission's efforts to **reduce administrative burdens** and enhance the **competitiveness** of the EU agricultural sector.

Our key messages focus on leveraging **digitalisation** to achieve meaningful **simplification** and boost **competitiveness**, aligning with both the **EU Competitiveness Compass** and the strategic goals of **DigitalTrade4.EU**. We advocate for intensified **international coordination**, the deepening of **digital trade partnerships**, and the championing of global **interoperability** of laws and standards such as the **UNCITRAL Model Law on Electronic Transferable Records (MLETR)[1], UNECE Recommendation No. 49 ("Transparency at Scale")[2]** and **EU eIDAS 2.0[3] regulation**.

High-level recommendations include prioritizing investments in **digital infrastructure**, supporting **SMEs** in their **digital transition**, ensuring **policy coherence** between **CAP reforms** and **EU digital trade policy**, and integrating comprehensive **Environmental, Social, and Economic (ESE) data** into **Digital Product Passports (DPPs)** [4].

Note: *In this document, the terms* ***Small and Medium-sized Enterprises (SMEs)*** *and* ***Micro, Small and Medium-sized Enterprises (MSMEs)*** *are used interchangeably and carry the same meaning and weight. This clarification is important because different sources and contexts may refer to these groups using either acronym, but both encompass the full range of smaller business categories critical for economic development.*

[1] UNCITRAL. Model Law on Electronic Transferable Records
https://uncitral.un.org/en/texts/ecommerce/modellaw/electronic_transferable_records
[2] United Nations Economic and Social Council. Recommendation No. 49: Transparency at Scale – Fostering Sustainable Value Chains (March 2025)
https://unece.org/sites/default/files/2025-05/ECE-TRADE-C-CEFACT-2025-03E.pdf
[3] European Commission. Discover eIDAS
https://digital-strategy.ec.europa.eu/en/policies/discover-eidas
[4] European Commission. EU's Digital Product Passport: Advancing transparency and sustainability
https://data.europa.eu/en/news-events/news/eus-digital-product-passport-advancing-transparency-and-sustainability

Context and Background

The European Commission's proposal to amend Regulation (EU) 2021/2115 and Regulation (EU) 2021/2116 aims to address challenges faced by the agricultural sector by **simplifying the CAP**. Key objectives include **streamlining requirements** to better suit diverse farming practices, enhancing support for **small and medium-sized farms (SMEs)**, boosting **competitiveness**, and providing Member States with greater **flexibility** in managing **CAP Strategic Plans**. This initiative is set against the backdrop of President von der Leyen's political guidelines for **sustainable prosperity** and the need to **reduce regulatory burdens**, as highlighted in Mario Draghi's report on "*The Future of European Competitiveness*". The "*Vision for Agriculture and Food*" further emphasizes that farmers should be **entrepreneurs**, free from unnecessary bureaucratic burdens, with **simplification** and **digitalisation** as key enablers.

DigitalTrade4.EU, a consortium of 105 partners from EU and non-EU countries, envisions a **seamlessly interconnected Europe** powered by **harmonized standards** for the **digitalisation of trade documents and processes**. Our input aligns with the EU's **digital trade policy**, which seeks to establish **resilient corridors** for digital services and integrate **green and digital agendas**. Recent developments, such as the **EU-Singapore Digital Trade Agreement**[5] and **UNECE Recommendation No. 49**[6] on "**Transparency at Scale**" (promoting **Digital Product Passports**), underscore the EU's leadership in **green-digital trade**. These initiatives are crucial for linking **CAP reforms** with broader EU strategies for a **sustainable and competitive digital economy**.

[5] European Commission. EU and Singapore sign landmark digital trade agreement (May 2025) https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1152

[6] United Nations Economic and Social Council. Recommendation No. 49: Transparency at Scale – Fostering Sustainable Value Chains (March 2025) https://unece.org/sites/default/files/2025-05/ECE-TRADE-C-CEFACT-2025-03E.pdf

Digitalisation and Interoperability in CAP Implementation

The CAP documents highlight the increasing role of **digital tools and systems**. The proposal introduces a new Article 13a in Regulation (EU) 2021/2116, mandating each Member State to designate an authority responsible for creating and implementing a **roadmap** towards achieving and maintaining **interoperability** and **seamless data exchange** between information systems used for **CAP implementation, monitoring, and evaluation**. This aligns with the "**collect once, use multiple times**" principle.

Opportunities for enhanced **digital data management**, **reporting**, and **automated compliance** are significant. The merging of **Land Parcel Identification System (LPIS)**, **Geo-Spatial Application (GSA)**, and **Area Monitoring System (AMS)** quality assessments aims to **reduce workload** and improve efficiency. The use of **Copernicus Sentinels satellite data** and other equivalent technologies for monitoring eligibility conditions can **reduce the need for on-the-spot checks**.

DigitalTrade4.EU recommends that national interoperability roadmaps explicitly integrate **EU-wide digital standards and frameworks**, including **eIDAS 2.0** for secure electronic identification and trust services, alongside key principles from the **MLETR**. This integration will facilitate the seamless and legally recognized **cross-border digital transfer of agricultural product documents**, supporting efficient and trustworthy digital trade across Europe. Aligning with Regulation (EU) No 2024/1183 (**eIDAS 2.0**), including the **European Digital Identity Wallet**, should be a consideration for Member States in their **interoperability assessments**. This will ensure that agricultural data can flow **seamlessly and securely**, not just within the CAP systems but also with broader **trade and logistics platforms**, enhancing **efficiency and transparency** across the supply chain.

Furthermore, the adoption of **digital wallets** can offer farmers an efficient and secure way to manage and **digitalise farm data**. It is crucial that the implementation of such tools ensures robust **GDPR compliance** regarding data **privacy** and security, empowering farmers with control over their information while facilitating necessary data sharing for CAP purposes and beyond.

Green-Digital Synergies and Sustainable Value Chains

The **CAP simplification proposal** maintains the core **environmental** and **climate-related commitments** of the policy. **DigitalTrade4.EU** sees significant potential in leveraging **digital tools** to enhance these commitments and create **sustainable value chains**.

The concept of **Digital Product Passports (DPPs)**, as highlighted in the DigitalTrade4.EU input document "***Strengthening EU Leadership in Green-Digital Trade***[7]" and reinforced by **UNECE Recommendation No. 49 ("Transparency at Scale")**, offers a powerful mechanism to support **CAP objectives**. DPPs can provide **verifiable data** on a product's **origin**, **composition**, and **environmental impact**, including **carbon footprint**, aligning with CAP's **sustainability goals** and consumer demand for **transparency**.

A critical first step in implementing DPPs is the integration of key farmer-related features to ensure **traceability** and **verification** at the production source. These **farmer-specific features** should include:

- **Geographical origin:** precise **farm location** or region to validate product **provenance**.
- **Farm identification:** unique **farm or producer ID** for accountability.
- **Production date:** **harvest or production timestamps** for batch traceability.
- **Farming methods:** documentation of **agricultural practices** such as **organic**, **conventional**, or **integrated pest management**.
- **Input usage:** detailed records of **fertilizers**, **pesticides**, **herbicides**, and **water consumption** at the farm level.
- **Animal welfare:** where applicable, data on **livestock conditions**, **antibiotic** or **hormone use**.
- **Batch or lot numbers:** to enable **recall** or **quality control** linked directly to farming operations.

[7] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14589-International-Digital-Strategy/F3552794_en

UNECE Recommendation No. 49 calls for **sustainability information** to be carried with each product shipment at every stage of the **value chain**, mirroring the EU's approach to encoding **carbon footprints** and **material data** into DPPs. This aligns with the EU's **Carbon Border Adjustment Mechanism (CBAM)** and **Sustainability Reporting Requirements (CSRD)**. Integrating **CAP environmental monitoring** with such **digital trade transparency standards** can create a more holistic and efficient system for **tracking** and **verifying sustainability claims**. This can also support the EU's objective to ensure that **data is collected only once and reused multiple times**.

A crucial next step is the integration of comprehensive Environmental, Social, and Economic (ESE) data into Digital Product Passports (DPPs). This will provide a **holistic view** of product **sustainability** and align with the increasing demand for **transparency** from consumers and regulators. Such **ESE data** should capture:

1. **Carbon footprint** (CO_2 emissions, greenhouse gases - GHG) at product and supply chain levels.
2. **Water usage** and **water stress indicators** linked to production geographies.
3. **Energy consumption**, differentiating between **renewable** and **non-renewable sources**.
4. **Air and water pollution levels**, localized by industrial sector and geography.
5. **Waste generation** and **recycling rates**, reflecting **circular economy practices**.
6. **Land use changes** and **biodiversity loss metrics**.
7. **Climate risk exposure**, including identification of **flood** and **drought zones** impacting supply chains.

Incorporating this granular **ESE data** into DPPs will significantly enhance the **CAP's environmental monitoring capabilities** and support the transition towards more **sustainable agricultural value chains**.

Support for SMEs and Capacity Building

Addressing the challenges faced by **SMEs** in accessing and utilizing CAP support is crucial. The simplification proposals, such as the enhanced **simplified payment scheme for small farmers** and dedicated support for their **business development**, are positive steps.

DigitalTrade4.EU emphasizes the need for robust **training, advisory services, and digital capacity building** for farmers and rural businesses to navigate the evolving CAP landscape and adopt **digital tools** effectively.

Our input document proposes a "**Green-Digital Trade Academy**" under Erasmus+ to train officials and businesses on emerging standards like **DPPs** and **carbon accounting**. This initiative can complement CAP-funded advisory services (Article 78 of Regulation (EU) 2021/2115) to ensure farmers, especially **SMEs**, can leverage **digitalisation for simplification and competitiveness**. Support should also focus on improving **digital literacy** and access to **digital infrastructure** in rural areas.

Crisis Management and Flexibility

The CAP proposals introduce new **complementary crisis payments** for farmers affected by natural disasters, adverse climatic events, or catastrophic events, which can be mobilized under both direct payments (new Article 41a) and rural development (new Article 78a). These payments aim to ensure the **continuity of agricultural activity** and can be co-financed by Member States. The maximum annual amount for these **crisis interventions** is proposed to be 3% of the total direct payments and European Agricultural Fund for Rural Development (EAFRD) funding per year, or 4% if a Member State only uses the direct payment instrument. The **agricultural reserve** will be refocused on its original purpose of mitigating **market disturbances**.

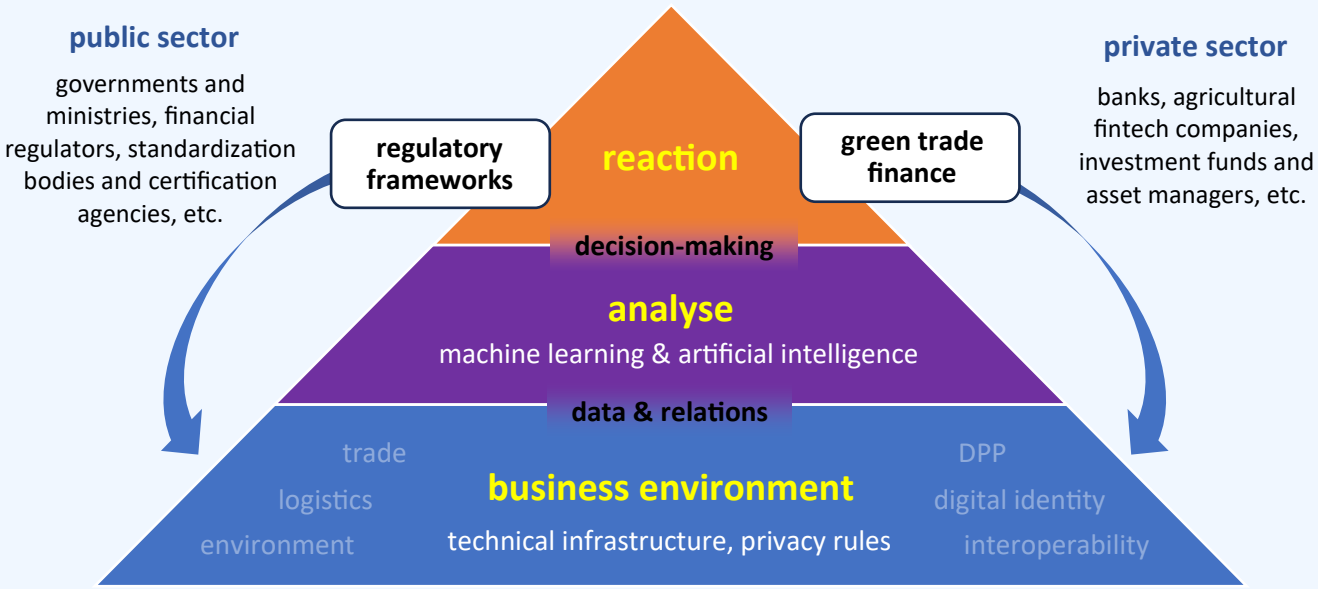
Digital tools can significantly support **rapid response and flexible implementation** during crises. **Real-time data** from sensors, satellites (like Copernicus), and digital farm management systems can help assess damage more quickly and accurately, enabling faster disbursement of aid. **Digital platforms** can streamline application and verification processes for **crisis payments**. Furthermore, **digital infrastructure**, including robust data exchange mechanisms, can enhance the **resilience of agri-food supply chains** by improving **traceability, communication, and coordination** among stakeholders during disruptions.

Addressing global disaster risks through ML/AI-based resilience

Global catastrophic risks refer to **large-scale events** with potentially **irreversible consequences** for **societies** and **economies**. These include **extreme climate disasters**, **pandemics**, **geopolitical conflicts**, and **systemic failures** in **critical infrastructure**. Their impact can **disrupt global supply chains**, **destabilize markets**, and **threaten long-term economic security**.

The **European Union** must harness **Machine Learning (ML)** and **Artificial Intelligence (AI)** to **anticipate, mitigate, and manage** global catastrophic risks—including **extreme climate events**, **supply chain collapses**, and **social instability**—that pose **systemic threats** to the **resilience** of **trade** and **economic systems**.

Climate change and **geopolitical volatility** necessitate **AI-driven systemic resilience**. Integrating **real-time environmental** and **socioeconomic metrics** into **trade infrastructure** allows the **EU** to **pre-empt disruptions**.



Source: Riho Vedler, DigitalTrade4.EU

Business & Technical Infrastructure Layer: Embedding Environmental and Socioeconomic Metrics in Digital Product Passports

A crucial step is integrating comprehensive **Environmental, Social, and Economic (ESE) data** into **Digital Product Passports (DPPs)**. This is particularly relevant for **agricultural products**, where tracing **ESE factors** throughout the **supply chain** is vital for **resilience**. Key **stakeholders** in **logistics**, **manufacturing**, and **trade sectors** contribute this data, forming a robust foundation for **AI-powered resilience analytics**.

Analyse Layer: Developing ML/AI Models for Risk Prediction and Assessment

By leveraging global **ESE datasets** alongside **trade, economic, and environmental indicators**, advanced **ML/AI models** can:

- Detect **deviations from sustainability benchmarks** signalling **emerging risks**,
- Forecast potential **catastrophic events** such as **climate-induced disruptions** or **cascading supply chain failures**,
- Simulate **scenario impacts** on **social and economic stability**. Integration with official **statistical agencies** and **environmental monitoring systems** ensures **model accuracy** and **relevance**.

Reaction Layer: Enabling Proactive and Adaptive Governance

AI-driven early-warning systems enable **regulatory bodies** and **financial institutions** to enact **anticipatory governance** through:

- **Dynamic regulatory frameworks** that adapt based on **AI risk insights**,
- **Mandatory sustainability disclosures** scaled by **risk exposure**,
- **Risk-based compliance and incentives** to bolster **supply chain resilience**,
- Support from **green financing tools** such as **FiDA-enabled green loans**, facilitating **capital flows** toward **sustainable investments**. This approach transforms **regulatory processes** from **reactive responses** to **proactive risk management**, strengthening **EU** and **global supply chains**.

Strategic Roles

- **Logistics and Trade Operators** supply critical **real-time environmental and operational data**,
- **Statistical and Environmental Authorities** validate **benchmarks** and monitor **risk indicators**,
- **Governments and Financial Institutions** translate **AI insights** into effective **policies** and **financing mechanisms**,
- **International coordination** ensures **harmonized risk metrics**, **data standards**, and **response protocols**.

Policy Coherence and Recommendations

Ensuring **alignment** between **CAP reforms** and **EU digital trade policy** is paramount. **DigitalTrade4.EU** advocates for coordinating **CAP digitalisation efforts** with our multi-country **digital infrastructure initiatives** aimed at **harmonizing standards** for the **digitalisation of trade documents and processes**.

We recommend enhanced **EU-wide interoperability** by fully leveraging:

- **eIDAS 2.0**: The **European Digital Identity Wallet** can provide a **secure and interoperable** means for farmers to identify themselves and access CAP-related services and data across borders. This aligns with the goal of creating a **single digital identity framework** and utilizing tools like **digital wallets** for efficient farm data management while ensuring **GDPR compliance**.

  Additionally, integrating **eIDAS 2.0's advanced trust services**, such as **eSeals**, ensures the **authenticity** and **integrity** of data **produced** or **utilized** by **Internet of Things (IoT) devices** in agriculture (e.g., sensors, smart machinery). These **IoT-derived data** are typically **owned** by **farmers** or designated **data controllers** and must be **validatable** across the **supply chain**.

- **MLETR (UNCITRAL Model Law on Electronic Transferable Records)**: Adopting principles from **MLETR** can **simplify cross-border agricultural trade** by enabling the **legal recognition and use of electronic transferable records**, such as electronic bills of lading or warehouse receipts for agricultural commodities. This would **reduce paperwork, costs, and delays** in agricultural trade and logistics. The **DigitalTrade4.EU input document** highlights an analysis supporting **MLETR** for enhanced **legal certainty and interoperability**.

Simplifying cross-border agricultural trade using **digital standards** should involve promoting the use of **electronic phytosanitary certificates, certificates of origin**, and other trade-related documents in digital format, ensuring their **mutual recognition** across Member States and with key trading partners. Furthermore, we recommend promoting the integration of comprehensive **ESE data** into **Digital Product Passports** to ensure agricultural products carry verifiable sustainability credentials, supporting both CAP objectives and broader EU Green Deal ambitions.

Funding and Investment Priorities

The CAP simplification documents identify various areas requiring **investment**, particularly in **digitalisation and infrastructure**. The proposed new Article 13a on **CAP data and interoperability governance**, while not mandating specific solutions, will require Member States to invest in developing and implementing their **roadmaps**.

DigitalTrade4.EU's input document proposes specific **funding priorities** for the 2026-2034 **Multiannual Financial Framework (MFF)** that are highly relevant to **CAP digitalisation** (amounts are estimated and subject to further analysis):

- **Digital Infrastructure in Asia (~€2 billion under NDICI-Global Europe)**: To fund **secure digital corridors** and **interoperable DPP platforms** with Asian partners. While focused on Asia, the development of such platforms and standards can inform and synergize with **CAP digitalisation efforts**, including the integration of **ESE data**.
- **SME Support and Capacity Building (~€800 million via COSME and Erasmus+)**: To upskill **SMEs** (including agricultural ones) on **DPP compliance, carbon accounting, e-signature adoption, and the use of digital wallets**, and to launch a **Green-Digital Trade Academy**.
- **Interoperability and Standards Harmonization (~€500 million)**: To fund **pilot projects** aligning **digital trade rules with MLETR and eIDAS 2.0**, focusing on **mutual recognition of e-documents** and developing standardized methodologies and platforms for collecting, verifying, and integrating **ESE data** into **Digital Product Passports** for the agricultural sector.

Synergies should be sought with the **MFF**, the **Connecting Europe Facility (CEF)** for digital infrastructure, and the **Digital Europe Programme** to support the **digital transformation** of the agricultural sector and its integration into wider **digital trade ecosystems**. The CAP proposals themselves allow for EAFRD allocations to be transferred to **InvestEU**, which can support relevant investments.

Conclusions and Next Steps

DigitalTrade4.EU largely welcomes the Commission's **CAP simplification proposal** as a crucial step towards **reducing administrative burdens** and enhancing the **competitiveness** of the EU agricultural sector. The emphasis on greater **flexibility** for Member States, **streamlined support for SMEs**, and the initial steps towards **digitalisation** are commendable.

Key feedback points include:

- The critical role of **digitalisation**, particularly **interoperability** based on standards like **eIDAS 2.0 and MLETR**, in achieving genuine and lasting **simplification and competitiveness**.
- The potential of **Digital Product Passports** and **UNECE Recommendation No. 49** to create **green-digital synergies**, enhancing **sustainable value chains** within the CAP framework, particularly through the integration of comprehensive **Environmental, Social, and Economic (ESE) data**.
- The necessity of targeted **funding and capacity-building initiatives**, such as the proposed **Green-Digital Trade Academy**, to support **SMEs** in the agricultural sector's **digital transition**, including the adoption of **digital wallets** while ensuring **GDPR compliance**.
- The importance of **policy coherence** between **CAP reforms, EU digital trade strategy**, and broader initiatives like the **Green Deal** and the **EU Competitiveness Compass**.

DigitalTrade4.EU calls for continued and strengthened **cooperation** between **agriculture, trade, and digital policy areas** within the Commission and with Member States. We stand ready to contribute our expertise to the **implementation** of these reforms and to participate in **follow-up consultations**. A clear **roadmap** for embracing **digital solutions** within the CAP, aligned with overarching **EU digital trade ambitions**, will be essential for unlocking the full potential of **European agriculture** in the years to come.

EU Green-Digital Trade Leadership Roadmap (DigitalTrade4.EU, 2025)

activity	objective	indicative metrics	tools/enablers
1. EU-Singapore DTA & Expand DEPA Partnerships	Strengthen digital trade diplomacy in Asia through high-standard agreements.	- 5+ new digital trade agreements with key Asian partners (e.g., Japan, India, ASEAN) by 2030 - 15% increase in EU-Asia digital services trade by 2028	DEPA framework, EU-Singapore DTA, Global Gateway Initiative, eIDAS 2.0
2. Implement Digital Product Passports (DPPs)	Ensure traceable, sustainable supply chains aligned with EU Green Deal.	- 50% adoption of DPPs by 2030 - 20% reduction in supply-chain carbon intensity by 2030	EU Sustainable Products Initiative, CBAM incentives, UNECE Recommendation 49
3. Fund Secure Digital Corridors in Asia	Build interoperable digital infrastructure for EU-Asia trade.	- ~€2B allocated via NDICI-Global Europe - 10+ blockchain-based traceability pilots by 2027	NDICI-Global Europe, ASEAN digital customs systems, EU Customs Data Hub
4. Harmonize Digital Standards (MLETR/eIDAS 2.0)	Enable cross-border recognition of e-documents and digital identities.	- 90% mutual recognition of e-signatures by 2028 - 70% SME adoption of eIDAS wallets	MLETR framework, eIDAS 2.0, EU Transport Law updates, UN/UNECE protocols
5. Launch Green-Digital Trade Academy	Upskill SMEs and officials on DPPs and carbon accounting.	- 40% increase in SME participation by 2027 - 60% cost savings for SMEs	Erasmus+ grants, COSME programme, tiered compliance thresholds
6. Integrate ESG into Trade Finance	Link trade finance to sustainability metrics for cheaper capital access.	- €10B/year unlocked for green trade finance - 30% lower Scope 3 emissions by 2030	InvestEU guarantees, CSRD-aligned reporting, FinTech platforms
7. Enforce Platform Interoperability	Prevent vendor lock-in and empower SMEs.	- 100% compliance with CJEU rulings by 2026 - 50% reduction in platform dominance	CJEU Case C-233/23, DEPA, eIDAS 2.0, Digital Markets Act (DMA)
8. Global Digitalisation Projects with EU Standards	Extend EU digital infrastructure and norms globally.	- 20+ co-funded projects by 2030 - 80% interoperability with EU systems	Digital Europe Programme, CEF funding, EU-Asia Digital Standards Taskforce
9. Advance UNECE Transparency Protocols	Globalize EU sustainability standards for supply chains.	- 100% alignment with UNECE Rec. 49 by 2028 - 30% reduction in greenwashing claims	UNECE CEFACT, W3C Verifiable Credentials, EU CBAM registry
10. Pilot CBAM-DPP Corridors	Link trade finance to verifiable ESG metrics for tariff incentives.	- 20% CBAM compliance cost reduction - 50% DPP adoption by 2030	IoT carbon trackers, CBAM rebate schemes, EU Customs Single Window

Table 1. The roadmap presented operationalizes the strategic priorities outlined in this feedback, bridging CAP simplification goals with the EU's broader green-digital trade ambitions.