Briefing for Commissioner WOJCIECHOWSKI

Bilateral meeting with Mr Adema, Minister of Agriculture, Nature and Food Quality of the Netherlands

Luxembourg, 27 June 2023
Meeting room 402
17:00

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You are meeting with the Dutch Minister of Agriculture, Nature and Food Quality, Mr Adema. He would like to inform you on the latest developments with regard to the negotiations on the Dutch Agricultural Agreement to achieve a credible and workable future for Dutch farmers. Minister Adema might also raise some other NL concerns, in particular in relation to Renure.

The challenges in the Netherlands with regard to climate, water and biodiversity are big. In November 2022, the Dutch Minister of Agriculture, Nature and Food Quality launched discussions with farming organisations, supply-chain parties (including supermarkets and Rabobank), nature and environmental organisations and provinces to look, together with the sector, for solutions for these challenges and to solidify a future plan for the Dutch agricultural sector: an ‘agricultural agreement’. It should contain ‘meaningful agreements’ for the future of agriculture.

On 21 June 2023 the Dutch farmer organisation LTO withdrew from the negotiations and the establishment of an Agricultural Agreement failed. At the moment it is unclear what will be the consequences.

At the regional elections (15 March 2023), the pro-farmers party BoerBurgerBeweging (BBB), criticising the governmental approach to address the nitrogen crisis, obtained a massive victory. Following this election new coalitions have to be formed in the provinces to establish the regional executives. However, this is turning out to be difficult, amongst others due to, according to the regional parties, the uncertainties the political parties face because of the pending agricultural agreement and the complexity in addressing the nitrogen crises. Provinces have several key roles with regard to nitrogen. They will have to provide area-based plans to reach their nitrogen reduction objectives by 1 July to the Nitrogen Minister and are also responsible for providing environmental licenses, water quality and nature protection.

The progress of in particular the rural development interventions of the CSP, depends on these area based plans.

The main objective of this meeting is to inform you on the latest developments in the Netherlands with regard to the Dutch Agriculture Agreement. The minister might also like to recall the position of the Netherlands with regard to Renure and ask for support.
THE DUTCH AGRICULTURAL AGREEMENT

KEY MESSAGES

- The Commission welcomes efforts of the NL to realise the transition to sustainable farming.

\[You could ask the following questions with regard to the Agricultural Agreement:]

- How does the failure to reach an Agricultural Agreement impact the establishment of the area based plans of the Dutch provinces due July 1\textsuperscript{st} and the objectives of this government to address the challenges in the Netherlands with regard to climate, water and biodiversity?
- How does this impact the implementation of the NL CSP?

DEFENSIVES

*Long-term CAP support for eco-system services?*

- On top of enhanced conditionality, the CAP allocates 32\% of all funding to the environment, with a very significant allocation to eco-schemes and pillar II measures. Implementation is key and we are keen to understand MS experiences.
- For the next programming period, using CAP support for environmental public goods is likely to continue being an important theme. But we should also not neglect the investment needs of agriculture, to enable farmers to achieve the transition.
- With policy objectives that have a long-term time horizon (climate neutrality in 2050), I understand the call for long-term support for eco-system services from public funds. But we also need to think about other systems that can financially reward the delivery of public goods. Carbon farming is such an example.
- As you know, the CAP as a key EU spending programme is linked to the multiannual budget of the Union, usually 7-year periods. Making longer-term commitments for investments in public goods i.e. commitments that go beyond any given MFF period appears very sensitive as it would require political support for longer-term financial commitments including from Member States such as NL, which are traditionally fiscally prudent.
**BACKGROUND**

**Agricultural Agreement (see also scene setter)**

No agreement could be reached on an agricultural agreement notwithstanding discussions had taken place for more than 6 months. In the negotiations on the agricultural agreement all relevant interest groups participated (farmers, young farmers, organic farmers, environmental organisations, supermarkets, feed industry). Even though details of the plan are not known at this stage, the main bottlenecks were:

- long term payments of eco-system services
- maximalisation of LSU/ha
- support for young farmers

In May, ‘draft conclusions/policy options’ were sent for assessment to 3 organisations (PBL Netherlands Environmental Assessment Agency, Wageningen University and Research Centre and Louise Bolk Institute). However, these parties concluded that an assessment is only possible to a limited extent as the draft conclusions were too general.

The government announced that it would publish soon the draft text of the agricultural agreement.

**Nitrogen crisis in the Netherlands**

On June 10, 2022, the Dutch government submitted two letters to the Dutch parliament with regard to the objective to reduce nutrient pollution by the farming sector. The letters address the ‘what’ (setting indicative nitrogen reduction targets per area) and the ‘how’ (development of area-based programs by the provinces with involvement of all relevant stakeholders). Those two letters to the Parliament have triggered a huge discussion in the media and negative responses of farmers’ organisations and provincial politicians. Estimations indicate that the plans could lead to a 30% reduction in the number of livestock. Farmers are angry that they are forced to close their businesses and have staged various protest actions. These included e.g. blocking highways and protesting in front of the private home of the Minister for Nitrogen Ms. Van der Wal.

On 3rd of July 2022, following the turmoil on the nitrogen plans, the government appointed Mr Remkes as a ‘nitrogen moderator’. On 5th of October Mr Remkes published his report on the nitrogen problem after an entire summer of dialogue with stakeholders (farmers’ organisations, environmental and nature organisations). It consists of 25 recommendations and a short- and long-term approach. The report advises to have an accelerated buy-out of the 500-600 major peak polluters. This will create space for granting permits for activities that lead to emission of nitrogen (for example building houses). The report also proposes that the deadline to halve nitrogen emissions by 2030 should remain in place. Farmers affected must be compensated maximally and generously. Mr Remkes also advised to establish an Agricultural Agreement.

On 7 September 2022, the Council of State (the highest Court in the NL) issued three judgments on nature permits for low-emission housing of three dairy farmers in the province of Utrecht. The Court ruled it is uncertain whether low-emission stables are doing what they promise in practice, whereas European nature conservation rules require certainty when
granting nature permits. On 2 November 2022, the Council of State annulled the building exemption of the Dutch government. This implies that also for building sites, including building sites for new housing, it has to be demonstrated that the activities will not negatively impact Natura 2000 sites by nitrogen deposition. If the construction has a negative impact on Natura 2000 sites, the construction is forbidden. Those rulings imply that the Dutch government needs to take urgent action to diminish the deposition of nitrogen in Natura 2000 areas if it would like that construction projects can continue in the future.

Farming is the largest contributor to nitrogen deposition in Natura 2000 areas.

In November 2022 the Dutch government announced that 2000-3000 agricultural companies that emit a lot of nitrogen must be closed down in order that construction products and other projects (including climate projects) can be reactivated/take place. The voluntary buying out of farmers is one of the most important ways for the government to halve nitrogen emissions by 2030.

The Nitrogen law of 10 March 2021 includes specific targets for protecting Natura 2000 areas. In 2025, 40% of the Natura 2000 areas should have a healthy nitrogen situation and in 2030, this has to apply to 50% of the Natura 2000 areas. A EUR 25 billion national Nitrogen fund is available to implement this law.

At regional elections in the Netherlands the BoerBurgerBeweging, criticising the governmental approach to address the nitrogen crisis, obtained a massive victory. This regional election makes up the Dutch Senate and complicates for the government to find support in the Senate for bills to become law.

The end of March 2023, after long consultations with relevant ministers through which a government crisis was averted, Prime Minister Rutte pointed out the government reached a compromise on nitrogen policy. One party wants to renegotiate the nitrogen policy in the coalition agreement. The government would take a 'pause' on the issue until 1 July, the date by which all provinces must submit plans for nitrogen reduction and nature restoration.

By 1 July 2023, provinces must have their first version of the plans completed by area (‘provincial area-based plans’). These plans include targets for nature, water and climate. The plans will integrate the mandatory plans from the Act on nitrogen reduction and nature improvement. The plans should also point out how to achieve these goals. An independent ecological authority will review the plans.
KEY MESSAGES

- High fertiliser prices are leading increase farmer production costs. **Ensuring availability and affordability of fertilisers** is a key priority for the Commission as stated in its recent **Communication on fertilisers** and a **wider use of fertilisers based on organic sources like manure** is within the actions proposed.

- The Commission supports the use of nutrient from manure or recycled manure to increase circularity. The conditions are already favourable for such use today without the need for a derogation: the use of this processed manure to replace chemical fertilisers is **already possible today in all non-polluted agricultural areas** and, in **polluted areas (Nitrates Vulnerable Zones)**, **up to the 170 kg N/ha ceiling**. (nb: **The whole as Netherlands is designated as vulnerable zone for the Nitrate directive**)

- The Netherlands already has a **derogation under the Nitrates Directive** and can apply manure or processed manure above this limit under certain conditions.

- As you know, the **Commission will adopt on 5 July a Communication on Integrated Nutrient Management Action Plan**. It will be based on an integrated approach of the entire nutrient cycle, addressing nutrient pollution in air, soil or water. The aim is to support Member States and implement better existing legislation.

- This approach on nutrients will also promote use of manure and **processed manure**, in compliance with the Nitrates Directive.

- It can play a role in helping farmers to **reduce their exposure to volatile mineral fertiliser prices**. It also helps to close **nutrient cycles** from livestock manure.

- Beyond this, the Commission will examine if the Nitrates Directive sufficiently covers all **risks of nutrient pollution** from all new types of fertilisers, including new fertilisers based on recycled nutrients.

- These initiatives, **led by DG ENV**, are key for further discussion on Renure.
BACKGROUND

Renure

In 2020, the JRC conducted a study on recovered nitrogen from manure, proposing criteria for nitrogen content and heavy metal ceilings and for minimising the nutrient losses in air, soil and water for processed manure products, often referred to as RENURE (‘REcovered Nitrogen from manURE’). The objective of the JRC work was to help define harmonised criteria and requirements to enable the safe use of certain types of processed manure above the threshold established by the Nitrates Directives. The study concluded that specific products derived from animal residues, the RENURE products, may have an agronomic efficiency and pollution potential similar to chemical nitrogen fertilisers if specific mitigation measures are implemented to avoid ammonia emissions.

These conclusions triggered the reaction of different stakeholders and Member States authorities requesting a modification of the existing rules limiting the application of manure or processed manure in Nitrogen Vulnerable Zones under the Nitrates Directive.

The Netherlands submitted a second request for a derogation in April 2022 for the use of processed manure (called “RENURE”) beyond the 170 kg N/ha ceiling.

On 16 February 2023, also the European Parliament called on the Commission (Resolution 2022/2982(RSP) on the Commission communication on ensuring availability and affordability of fertilisers) to propose medium- and long-term policy measures to enable the use of RENURE products beyond the 170 kg N/ha limit, by classifying them as a substitute for chemical fertilisers based on scientific criteria. This call is reiterated in the COMAGRI resolution on Food Security that will be voted in plenary on [15] June 2023.

The Commission will adopt on 5 July an Integrated Nutrient Management Action Plan addressing nutrient pollution in air, soil or water.

Manure and processed manure cannot entirely substitute mineral fertilisers in the EU. Only specific MS like the Netherlands and Belgium (Flanders), have potential to substitute a significant share of mineral fertilisers using manure based products.

The 7th Nitrates Action Plan (NAP)

The 7th NAP was adopted in November 2021 by the Netherlands. The Commission considers, and made this clear to the Dutch authorities, that the measures in the 7th Nitrates Action Plan are not sufficient to address increasing water pollution (nitrates pollution of groundwater and eutrophication) and meet the objectives of the Nitrates Directive and the Water Framework Directive. This is also acknowledged by the Dutch authorities.

Derogation under Nitrates Directive to the ceiling of 170 kg/ha of N in manure

The Netherlands has had derogations from the Nitrates Directive for many years, which require regular renewal. It requested a new derogation pursuant to Nitrates Directive on February 2022 and it was granted in September 2022. The legal limit for the application of nitrogen from manure can reach 250 Kg N/ha in farms with a derogation and will decrease every year up to 170 Kg N/ha after December 2025 and in all areas. As 170 kg/ha is the limit in the directive, this practically ends the derogations that applied to the Netherlands for many years.
See separate pdf file is provided.