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**NOTE**

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From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB item for the meeting of "Agriculture and Fisheries" Council of 9-10 December 2024: unblocking the bottlenecks in nutrient recycling and biogas production at farm level - Information from Finland, supported by Czechia, Italy, Latvia and Lithuania

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European agriculture, rural areas and farming society need various kinds of solutions in order to move towards more sustainable practices in a way that ensures profitable and competitive agricultural production. One solution is to turn farm waste into renewable energy and recycled fertilizers by using manure from livestock farming for biogas production. This has many positive environmental and economic impacts, such as diversifying farm revenue streams, increasing energy self-sufficiency, reducing emissions, producing fertilizers and promoting nutrient recycling and, through this, adding value to the products within the scope of the bio-economy.

Promoting the production of biomethane is included in several EU objectives. Biogas can be seen as a fast way to advance the green transition. Biomethane is a technologically ready, affordable solution to reduce emissions from heavy-duty road transport and, it may also be an important part of emission reductions in maritime transport. To increase the production, the potential of the agriculture sector and rural areas should be better harnessed. Biogas production relies on the use of agricultural waste and biomass residues as the main raw material. However, currently there are crucial bottlenecks to increasing biogas production at the farm level.

Investing in biogas production is a massive undertaking for the farm, which is why the threshold to make investment decisions is high. To facilitate investments, the bottlenecks should be removed and farmers incentivized to further utilize these business opportunities.

**It should be possible to sell biogas to the market and use it in the farm's own operations at the same time**

Currently, it is not possible to support investments where the produced biogas could be flexibly sold outside the farm and also used in the farm's own operations. In theory, the investment could be divided half and half by simultaneously using agricultural and non-agricultural State aid rules, but this is not an applicable solution in practice. The reason for this is that the current provisions in Regulation (EU) 2022/2472, known as the Agricultural Block Exemption Regulation, do not allow the farm to sell the produced biogas to the market. This is an example of a concrete bottleneck that prevents biogas investments on farms and that would be easy to solve by removing the prohibition on the selling of biogas to the market under Article 14 of ABER. Furthermore, support for transporting manure for further processing to large centralized operators (biogas plants or other nutrient recycling operators) should be possible. Currently, the State aid rules do not allow this.

**Promoting local bioenergy production and better utilization of manure should be included in the vision of future agriculture**

Secondly, as part of the vision of future agriculture, the objective of promoting local renewable energy production should be highlighted, and this should also include encouraging biogas production on farms as part of supporting the wider rural community and its livelihoods. For example, efforts must be made to promote the full utilization of the bioenergy and nutrient potential of manure. This would boost the growth of biogas production and the production of manure-based recycled fertilizer products. The vision of future agriculture should include concrete proposals on how to incentivize the farms to invest in biogas production and offer new funding methods in the bio-based sector.

Any changes, reforms or measures introduced as a result of the evaluation of the Nitrates Directive (Protecting waters from pollution caused by nitrates from agricultural sources – Evaluation) must take into account the prerequisites for using recycled fertilizers. Manure must not be a prohibited source of recycled nutrients; instead, methods for more accurate fertilization and other precision farming methods according to crop needs should be developed as part of the promotion of water protection objectives. Using nutrient recycling and recycled fertilizers also boost the EU's self-sufficiency and strategic autonomy.

Furthermore, the production of biogas should also be promoted through other policy areas. For instance, the definition of CO<sub>2</sub> neutral fuel should be technologically neutral and also cover other fuels with low emissions during their lifecycle, in particular, advanced liquid and gaseous biofuels. This would incentivize the use of biofuels and biogas especially in heavy-duty transport. We also find that the EU transport-related legislation and State aid rules should better recognize the importance of biomethane for the green transition of heavy-duty transport.

**As a summary, as Ministers of Agriculture we call upon the European Commission to:**

- **recognize the importance of farm-level biogas production as a solution for more sustainable Europe and a circular economy**
  - **with a view to the future CAP, consider how to incentivize the farms to invest in biogas production**
  - **taking into account that the European Commission has exclusive competence on State aid, consider the revision of the provisions under Regulation (EU) 2022/2472 to allow support for farmers selling biogas to the market, and consider options outside the *de minimis* regulations to incentivize transporting manure to operators for further processing**
  - **boost the biogas production and nutrient recycling nexus and the use of recycled fertilizers in the future policy proposals and updates**
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