



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

From: Presidency
To: Council

Subject: Energy use of biomass from agriculture as an important element of the Common
Agricultural Policy
- Background paper

Delegations will find attached in the Annex the background paper prepared by the Presidency with a view to the discussion over lunch at the Council (Agriculture and Fisheries) on 19 July 2011.

Energy use of biomass from agriculture as an important element of the Common Agricultural Policy

Over the years, the Common Agricultural Policy has often changed in line with market requirements. Today, agricultural policy also faces challenges posed by the need to meet increasing food demand and the requirements of climate and energy policy. Responding to those challenges should not, however, affect the implementation of the key task of agriculture, i.e. food production.

The European Commission's policy on mitigating the effects of climate change imposes new, costly requirements on agriculture (such as the need to reduce the amount of stored waste, as well as sustainable production, environmental protection, cutting greenhouse gas emissions, etc.). Those requirements result in increased costs for agricultural producers. This in turn is reflected in the prices of agricultural crops, including biomass produced for energy purposes. Such requirements do not apply in third countries, which makes EU agriculture less competitive on the global market.

Passive agricultural policy and a focus on climate and environmental protection has resulted in EU production capacity falling by around 10 million ha of agricultural land over the past 18 years, whereas the capacity in 15 selected non-EU countries has increased by approximately 100 million ha. The increase in the area of agricultural land in non-EU countries resulted in a drastic deforestation (a loss of approx. 150 million ha), whereas the area of forest in the EU grew by 25 million ha.

Therefore, one of the challenges faced by the Common Agricultural Policy is to maintain cohesion with energy, climate, trade and financial policies. It is important to pursue environmental objectives in line with the possibilities and the EU's resources. Climate protection requirements impose an excessive burden on the EU economy, restricting the development of entrepreneurship and with only a slight impact on a global level.

EU agriculture has a large energy potential in terms of the biomass obtained from by-products and waste from food production. The use of this potential could contribute to meeting climate objectives, while at the same time increasing the competitiveness of the agricultural sector without any detriment to the food market.

The attainment of climate objectives requires large investment outlays, in particular on renewable energy sources. Therefore, Member States should think about how to stimulate the active involvement of agriculture in the sustainable development of renewable energy sources.

The solutions in place under the second pillar of the CAP are more adjusted to the specificity of food production and processing of products listed in Annex I to the Treaty than to projects involving renewable energy sources. The fact that support for projects related to renewable energy sources is spread across various CAP measures means that those projects must compete for financing with typical farming activities. This in turn reduces the possibilities for RES investment to use those funds, since the projects in question are usually characterised by higher costs and the longer time needed to prepare necessary documentation.

Since investment in renewable energy sources in rural areas will stimulate the development of entrepreneurship and thus make it possible to cope efficiently with the economic crisis, the negative consequences of which are visible in the majority of the EU countries, the Presidency suggests giving consideration to the following questions :

1. Do you believe that agriculture in the European Union should be subject to climate objectives or only support their fulfilment?
2. How should the sustainable development of energy production using renewable sources, especially from agricultural biomass, in rural areas be supported?
3. Should the EU's ambitious climate objectives be conducive to the transportation of biomass over long distances, including imports from third countries?
