**Follow up to the European Parliament resolution of 16 February 2023 on the Commission communication on ensuring availability and affordability of fertilisers**

1. **Resolution tabled pursuant to Rules 136(5) of the European Parliament's Rules of procedure**
2. **Reference numbers:** 2022/2982 (RSP) /B9-0101/2023 **/** P9\_TA(2023)0059
3. **Date of adoption of the resolution:** 16 February 2023
4. **Competent Parliamentary Committee:** Committee on Agriculture and Rural Development (AGRI Committee).
5. **Brief analysis/ assessment of the resolution and requests made in it:**

The European Parliament reacted to the Commission Communication COM(2022)590 of 9 November 2022 entitled ‘Ensuring availability and affordability of fertilisers’. Against the backdrop of a global mineral fertiliser crisis, the Commission described the short-term measures to tackle the situation. It also described medium to long term measures for the transition to sustainable fertiliser production and use. The resolution largely reaches the same conclusions as the Commission’s communication, with many concrete requests already being addressed or in the process of being addressed. The European Parliament focuses on four main areas: support to the operators to address the difficult situation in 2022, improved efficiency in the use of nutrients making use of the common agricultural policy (CAP) interventions, substitution of mineral fertilisers by green energy and circular economy (organic) based fertilisers and a strengthened open strategic autonomy. The European Parliament calls for further measures in several areas, including in particular granting further financial support, improving the functioning of the part of the food supply chain involving fertilisers, developing a protein strategy, promoting the use of organic fertilisers in particular from manure, facilitating EU production and imports of fertilisers to reinforce the open strategic autonomy, and accelerating the green transition of the fertilisers industry. It requests that such further measures are presented in a new EU fertiliser strategy.

1. **Response to the requests in the resolution and overview of the action taken, or intended to be taken, by the Commission**

Fertilisers are critical inputs for agricultural production, and their affordability and availability are essential to ensure a viable farming sector in the EU. The Commission welcomes the resolution of the European Parliament entitled ‘Availability of fertilisers in the EU’ and is pleased that the European Parliament largely shares the analysis in its Communication ‘Ensuring availability and affordability of fertilisers’.

The Commission agrees that fertilisers and other input costs affect farmers’ decisions, with potential knock-on effects along the entire food supply chain and, ultimately, on food security and affordability (**paragraphs 1, 2, 3, 6 and 7**). The Russian war of aggression against Ukraine and the subsequent further increase of inputs prices, in particular energy and mineral fertilisers, highlighted the need for greater autonomy and efficiency in the production and use of those inputs, in order to mitigate the negative consequences for EU fertilisers producers and farmers. Since October 2021, the Commission has put forward several measures aiming at reducing energy prices and ensuring energy supply.

There is significant potential to improve efficiency and move towards more a sustainable fertiliser production and use. The CAP Strategic Plans in place since January 2023 will play a significant role in relation to a more sustainable use of fertilisers. Member States are encouraged to promote even further nutrient efficiency and soil fertility in their plans through, for example, eco-schemes. In terms of production, green ammonia produced from renewable energy can significantly reduce the greenhouse gas emissions of the fertilisers industry (**paragraphs 10, 13 and 30**).

In the current circumstances, the Commission does not discern the possible added value in developing a long-term EU fertiliser strategy. Several measures and initiatives have been put in place or will soon be implemented to promote a sustainable nutrient management and the prevention and restoration of soil degradation, the development of clean technologies and a net zero approach for EU industries to maintain a sustainable EU fertilisers’ production, the mitigation of short-term economic difficulties through financial support to farmers and the fertilisers industry, and the reduction of dependencies by ensuring access to the necessary raw materials. The Commission considers that a stand-alone strategy on fertilisers would add little value to these existing and upcoming measures and initiatives, and that the focus should rather be concentrated on delivering on them.

Overall, the fertiliser market situation is in less critical shape than it was last summer. The average EU domestic nitrogen fertiliser price confirmed its downward trend that started last October. Prices are back to their October 2021 levels. However, they are still two to three times higher than in previous years. Phosphate prices follow the same trend. Potash prices appear to be more stable.

Higher output prices of key agricultural commodities compensated on average across the EU for higher input prices, although at EU level the increase in fertiliser (81.2%) and energy (51.7%) prices were considerably above the increase in crop prices (40.8% for cereals). According to early estimates by Eurostat, the average factor income in all sectors of agriculture may have gone up last year by 13.1% in real terms compared to 2021. There are differences among Member States – 16 present an increase, while 11 other Member States showed a decrease (**paragraph 4**).

As regards support to farmers, the Commission recalls that several measures are already available for Member States to provide targeted assistance while limiting distortions of the internal market. For instance, the Temporary Crisis Framework (applicable as of 9 March 2023) has allowed Member States to use the existing flexibility under State aid rules to support companies and farmers affected by Russia’s war of aggression against Ukraine, and spelled out common conditions on the compatibility of State aid measures with the internal market, in order to ensure a level-playing field for primary and fertiliser producers across EU Member States. Since March 2022, the Commission has approved under the Temporary Crisis Framework more than 40 schemes dedicated to agriculture and forestry in 21 Member States. Five Member States (Greece with a budget of EUR 60 million, Finland with a budget of EUR 95 million, Malta with a budget of EUR 6.5 million, Poland with a budget of EUR 836 million and SI with a budget of EUR 15 million) decided to set up specific schemes to support the purchase of fertilisers. This adds up to the exceptional support package of EUR 500 million announced in the Commission’s food security communication of March 2022, which, once topped-up with national resources, resulted in around EUR 1.2 billion of support for farmers, as well as to the exceptional measure adopted in June 2022, and funded by the European Agricultural Fund for Rural Development, which allowed Member States to provide income support to farmers and agri-food businesses affected by significant increases in input costs.

Given the current downward trend in fertiliser and energy prices as well as the relatively favourable preliminary agricultural income figures for 2022, the Commission considers that the conditions to provide exceptional support under the agricultural reserve in a general fashion across the EU to compensate farmers for higher fertiliser costs are not met (**paragraphs 5, 8, 9, 11 and 12**).

As regards the CAP, the Commission agrees with the European Parliament that the Strategic Plans include a variety of interventions which can contribute to reducing the use of fertilisers through, among others, higher nutrient efficiency and through replacing mineral fertilisers with fertilisers recovered from various waste streams without affecting the quantity and quality of production (**paragraphs 13 and 15**). All CAP Strategic Plans plan interventions to improve nutrient management, with direct links with fertilisers management. According to a preliminary analysis, these actions are expected to be carried out on 15% of EU agricultural area, i.e. over 50 million hectares across the EU. Overall, the 28 CAP Strategic Plans include 122 interventions contributing to improved nutrient management: 58 eco-schemes (and sub-schemes) and 64 AECC (agro-environmental-climate commitments). In addition, a certain number of investment interventions will support the development of precision farming. These numerous interventions provide for the necessary support for use and development of nutrient management techniques (**paragraph 43**). The Commission will encourage the Member States to promote a wider adoption by farmers of the measures programmed for a more efficient use of fertilisers. The Commission invited the Member States to look into further prioritisation of such interventions in the future revisions of their National Strategic Plans at their initiative and where necessary. Member States have the possibility to limit the share of land lying fallow and non-productive features to 3% (GAEC 8) where catch crops and nitrogen fixing-crops are cultivated on the same farm up to a certain share of the area: this is an option that most Member States (all except two) have offered to farmers (**paragraph 15**). In addition, cultivation of catch crops is largely supported with eco-schemes and AECC in most of the CAP Strategic Plans (CSP). Moreover, CSP include other actions to increase the soils’ natural fertility.

The Commission agrees that a better access for farmers to farm advisory services, which is a central element of the CAP 2023-27, will facilitate an improved nutrient management, thanks to better dissemination of best practices. In particular, additional support for the implementation of the Farm Sustainability Tool (FaST) for nutrients is underway. This digital tool paves the way for a more efficient use of fertilisers (**paragraphs 40 and 42**). While acknowledging that fertilising costs differ in the EU depending on the systems of production at stake, the Commission does not intend to re-open the debate on external convergence that has been addressed by the co-legislator in the 2021 reform (**paragraph 62**).

The Commission agrees that the interventions aimed at improving soil health can also benefit better nutrient management, thereby clearly supporting Member States that are setting up of the ‘Test your soil for free’ initiative (COM 2021/699) which allows farmers and other actors to know more about the health of their soil and improve fertilisation, recycling organic matter such as compost and other agricultural residues (**paragraphs 50 and 55**). The EU Mission 'A Soil Deal for Europe' supports R&I to improve knowledge on nutrient recycling for crop productivity, improved fertility and reduced contamination while increasing soil organic carbon stocks. It also addresses training, dissemination and adoption of innovative practices and solutions by strengthening advisory services in their knowledge and skill base to provide advice on soil sustainable management. The Mission is expected to create a network of 100 living labs and lighthouses to co-create knowledge, test solutions and demonstrate their value in real-life conditions. The Mission is expected to invest EUR 320 million over 2021-2023.

The Commission agrees with the European Parliament on the positive role that crop rotation can play in reducing the need for fertilising inputs and improve soil fertility, in particular by including more nitrogen-fixing crops (**paragraphs 15, 43 and 51**).

The Commission is performing a comprehensive review of its approach to proteins, as announced in its 2022 food security communication (**paragraphs 49 and 52**). The scope of the review will be broad, covering different sources of alternative proteins, different end uses in both feed and food and the policy environment to promote EU-grown proteins. The review will also review trends in the consumer market. Moreover, the Commission plans to highlight the environmental benefits of protein crops and their reduced need for fertiliser inputs as a lever towards higher production in the EU in line with the Green Deal objectives. The Commission agrees that financial support to farmers is essential to meet the targets of the Farm to Fork Strategy. The new Common Agricultural Policy allows Member States to design interventions supporting the development of plant proteins under operational programmes, coupled income support, eco-schemes and rural development measures. The Commission plans to encompass all findings and deliver on the review in the first quarter of 2024 and publish a Communication.

The Commission concurs with the European Parliament in underlining the key role of research and innovation to improve fertilisation and nutrient use efficiency (**paragraphs 39 and 41**). The Commission, through the R&I Research Framework Programmes Horizon 2020 and Horizon Europe, promotes a science-based contribution to fertilisers and nutrient management, including holistic and environmentally sustainable farming practices, such as mixed-farming, agroecology, and organic agriculture, which have the potential to optimise nutrient cycles, minimising the requirements for synthetic inputs and strengthen the resilience of the agricultural sector.

Under Horizon 2020, the previous research framework programme, around 100 research and innovation projects highly relevant for nutrient management have been funded with a total budget of EUR 700 million. It is expected that more than 35 projects with a budget of around EUR 180 million will further contribute to R&I on application of fertilisers in agriculture launched during the first two years (2021-2022) of Horizon Europe.

The Commission agrees on the need to further disseminate innovations and practices that improve the use of nutrients (**paragraph 40**). Two thematic networks started in 2023 on the issue and several focus groups and operational groups under the European Innovation Partnership for Agricultural Sustainability contribute to the disseminating efforts on sustainable fertilisation.

The Commission is working on a legislative proposal for plants based on certain new genomic techniques, which have the potential to contribute to sustainable agri-food systems, including from the nutrient management perspective, in line with the objectives of the European Green Deal and Farm to Fork Strategy (**paragraph 46**).

The Commission agrees that, as fertilisers and other input costs play a significant role for food security, it is essential that their supply chains and their interplay with the overall food supply chain functions correctly. This constitutes part of the overall attention paid by the Commission to a well-functioning food supply chain (**paragraphs 23, 26, 27 and 29**). The role of producer organisations including agricultural cooperatives as significant purchasers of fertilisers is important (**paragraph 14**).

A further important aspect of the Commission’s commitment towards well-functioning food supply chains relates to market transparency. To this end, the Commission has set up the EU Fertilisers Market Observatory as an informal group of experts, for which a call for applications has been launched on 3 March 2022. The group’s tasks will notably be to provide the Commission with advice and expertise regarding the economic and other relevant factors affecting fertiliser markets developments, as well as first-hand information about fertiliser markets situation, including data; to highlight and assess the current fertiliser markets situation for the sake of economic operators, the Commission and the public at large; to assist the Commission in fostering market transparency along the supply chain in the fertiliser markets; to exchange experience and good practices in the field of fertilisers markets. The Commission may consult the group on any matter relating to developments in the fertiliser markets, in the EU and at global level. The first meeting is expected in the first half of June 2023 (**paragraph 61**). The Commission will continue implementing the actions included in the Commission's food security contingency plan communication of November 2021 through the European Food Security Crisis Preparedness and Response Mechanism (**paragraph 54**). Concerning joint purchases, the Commission draws attention to the fact that such possibilities are mentioned in the Commission proposal for a Single Market Emergency Instrument (**paragraph 25**).

Since July 2022, the Fertilising Products Regulation has opened the single market in particular to fertilisers made from recovered materials and by-products. The Commission is working on a delegated act concerning the determination of end-points in the manufacturing chain of certain organic fertilisers and soil improvers. The determination of end-points in the manufacturing chain imply that these products are no longer subject to veterinary control. Once all the relevant requirements are laid down to ensure that the materials are safe and agronomically efficient, they may be used in the production of EU fertilising products and thus circulate freely in the internal market (**paragraphs 16, 20 and 53**). As regards the recovery of by-products of animal origin, Regulation (EC) No 1069/2009 of the European Parliament and of the Council includes rules for the placing on the market and use of certain organic fertilisers and soil improvers.

Fossil-free nitrogen fertilisers can also be obtained by the recovery of ammonia from wastewater. On 26 October 2022, the Commission adopted a revision of the Urban Wastewater Treatment Directive (Council Directive 91/271/EEC of 21 May 1991) concerning urban wastewater treatment including stricter obligations to recover nutrients from wastewater, which can then be reused in agriculture (**paragraphs 30 and 58**).

The Commission agrees with the importance of manure and processed products for crop production (**paragraph 44**) and its co-benefits for other sectors like biogas or biomethane production.

The upcoming initiative on an integrated nutrients management in the first semester of 2023, will set out how the EU and the Member States can reach the target of reducing nutrients losses by 50% by 2030, a key target of the Green Deal and a commitment taken at global level by the EU and all Member States in the Kunming-Montreal Global Diversity Framework. It will discuss options to increase nutrients use efficiency and the benefits of a more circular and integrated management of nutrients, including waste (**paragraphs 35, 57, 58 and 60**).

Efforts are ongoing in some Member States to develop manure-processing technologies that allow turning manure into fertilisers with lower emission, lower leaching risks and agronomically valuable resource. However, the available technologies are likely to yield products with possibly higher gaseous ammonia emissions than certain mineral fertilisers although better than manure and similar or lower than urea. The use of manure and processed manure, in compliance with the Nitrates Directive, can play a role in helping farmers to reduce their exposure to volatile mineral fertiliser prices and close nutrient cycles from livestock manure (**paragraphs 17, 18, 19, 21, 35, 60 and 64**). The Commission also refers to its reply to the European Parliament resolution “Measures against water pollution caused by nitrates, including improvements in the different nitrate measuring systems in Member States” of 5 April 2022[[1]](#footnote-2).

Manure management is responsible for 1.5% of the total global greenhouse gas emissions[[2]](#footnote-3), with main contributions by both methane and nitrous oxide emissions. These emissions are expected to decrease should manure be used to produce biomethane to fulfil the new target set by REPowerEU. Among Member States, the highest emissions per hectare occur where there are high levels of intensification of agricultural and livestock activities (**paragraph 56**).

The CAP provides support for sustainable livestock farming under a variety of interventions. Member States have notably the possibility to support livestock production in difficulties by improving competitiveness, sustainability or quality under coupled income support (**paragraph 59**).

Impact assessments are carried out on initiatives expected to have significant economic, social or environmental impacts, notably legislative proposals, non-legislative initiatives (e.g. financial programmes, recommendations for the negotiations of international agreements) as well as implementing and delegated acts (**paragraph 24)**.

The EU has been continuously building up alliances with trade partners, notably through trade agreements. This is the case for fertilisers. In 2021, 64% of EU imports of ammonia and urea were imported under preferential trade agreements. The EU strongly believes that transparent markets are critical to ensure good and smooth trade operations (the EU is supporting the G20 initiative Agricultural Market Information System) (**paragraphs 28 and 63**).

In December 2022, the Council adopted the decision to temporarily suspend the application of customs duties for ammonia and urea, for a period of 6 months, except for those from Russia and Belarus in order to improve the access of fertilisers from the global market to the European Union and foster diversification of EU supplies. For these goods, in recent months the replacement of Russia and Belarus by preferential and non-preferential partners in underway. For potash and phosphate rock, all trade partners enjoy already a zero duty and for finished phosphate fertilisers, all imports are already tacking place under preferential free-trade agreements (**paragraph 22**).

The EU has reduced its dependency on Russian fertilisers in 2022. In 2021, Russian nitrogenous fertilisers (including ammonia) represented 29% of total EU imports. In 2022, this went down to 20% (also considering the strong increase in total EU imports). The EU increased substantially its imports from Algeria, the United States, Trinidad and Tobago, Oman, Turkmenistan, Uzbekistan and China. As regards compound fertilisers, EU decreased its imports from Russia by 42% and significantly increased imports from twelve significant trade partners (**paragraph 30**).

The EU is also supporting at international level the transition towards reduction and more efficient use of fertilisers in line with the Farm to Fork Strategy targets. This entails cooperation with third countries, which could indirectly contribute to reducing the reliance on Russia. On the global stage, the EU has joined the Global Fertiliser Challenge initiative to cooperate with partner countries in reducing their dependence on and consumption of imported mineral fertilisers, improving nutrient management, increase fertiliser efficiency and alternative agricultural practices, with a contribution of USD 25 million. The latter comes from a set of EU-funded programmes such as the ‘Food Production and Resilience of Food Systems in African, Caribbean and Pacific (ACP) countries’ (EUR 336.5 million) that aims at balancing social, environmental, and economic considerations through agro-ecological and other innovative approaches as part of a tangible and sustainable response to the unfolding food crisis, with an increased attention to sustainable soil health and fertility management (**paragraph 63**).

Substituting the production of fossil gas-based ammonia with green ammonia is key to reaching the EU’s objectives of decarbonisation and reducing dependency on imported natural gas, from Russia in particular. The high prices of gas-based ammonia will accelerate the upscaling of the production of green ammonia. Currently the cost of green ammonia is already below the ammonia prices recorded during last quarter of 2022 and it is expected to halve in the years to come. Several green ammonia projects using clean hydrogen are underway and large-scale projects are expected to be finalised by 2026. However, challenges remain to upscaling clean hydrogen-based ammonia production, including the lack of infrastructure, lengthy permitting procedures, and availability of necessary technology such as electrolysers. The Commission is facilitating the creation of a market for renewable hydrogen with the European Hydrogen Bank. The European Hydrogen Bank should cover and lower the cost gap between renewable hydrogen and fossil fuels for early projects, by means of an auction system for renewable hydrogen production to support producers. There also is the Net Zero Industry Act (**paragraphs 30, 32, 33 and 48**). Ammonia is an important alternative to liquefied hydrogen and it is easier to transport. There exists potential to modify regasification facilities to receive shipments of ammonia (**paragraph 36**).

European agriculture has considerable resources of biomass waste and residues which could be used for biofuels and biogas production. As explained in the Biomethane Action Plan[[3]](#footnote-4), using food and feed crops is likely to lead to land use change issues, as first-generation biofuels did (**paragraph 34)**. In addition, the Landfill Regulation establishes that by 2024 all domestic organic waste has to be collected separately: this represents a significant opportunity for biogas production, and of digestate that can be used as fertiliser. Biogas could then be further processed into biomethane to be used on farm or injected into the national gas grids. The recast Renewable Energy Directive (RED II) sets the sustainability criteria applicable to both agricultural and forest biomass used for energy production to ensure that the pressure on land used to produce food is limited. However, using non-recyclable waste and residues, according to the cascading principle, remains the most competitive and sustainable use of biomass. Following the Russian invasion of Ukraine, the Commission called on the Member States to scale up the production of renewable energy without undermining food production. To do so, Member States were encouraged to carefully consider planning interventions in their CAP Strategic Plans which will increase the sustainable generation and use of renewable energy, including biogas and biomethane produced from sustainable biomass sources, especially agricultural wastes and residues, and organic waste. The CAP can help provide the right support for on-farm or collective investments in renewable energy, in the use of renewable energy in smart villages, biogas installations and for advisors and innovations.

One of the short-term measures of REPowerEU is to increase the production of biomethane to save 17 bcm of gas imports. The Commission has launched the Biomethane Industrial Partnership (BIP) on 28 September 2022, to support the achievement of the EU target of 35 bcm annual production and use of sustainable biomethane by 2030 and to create the preconditions for a further ramp-up of its potential towards 2050. Digestate utilisation is one of the topics that the BIP considers and is perceived as an important item in achieving the full potential in preventing climate change and air pollution: organic waste produces methane emissions, which is both a powerful short-lived climate forcer and, as a precursor of ozone, and air pollutant. Combining biomethane production with a strong support for using digestate as a local source of nutrients would have multiple benefits for the reduction of natural gas imports. The EU’s strategic goal of reducing the dependence on energy imports from Russia by diversifying the energy sources and securing reliable supply chains remains a priority for the Commission. The European Green Deal and the Fit-for-55 Package together with REPowerEU are at the heart of the EU’s strategy to ensure our energy is secure, affordable and at the same time to swiftly move away from Russian fossil fuels.

The Commission seeks to tackle the energy dependency issue through different measures that aim to prevent price spikes and manipulation and lead to strategic autonomy in the long run, providing more transparency and stability to the market, and ensure fair prices and gas flows even in crisis situation. These include obligations for gas storage and energy demand reduction, setting up a task force dedicated to EU joint purchasing of energy, reaching out to key partners, optimising the use and setting up relevant infrastructure, accelerating the deployment of renewables, notably accelerating permitting for utility installations. In view of tackling the price volatility, the Commission adopted a toolbox already in October 2021, and additional emergency measures were put in place in 2022, such as the market correction mechanism and revenues cap on inframarginal prices. Work is also ongoing in view of a revision of the electricity market design. The Commission is also reaching out to diversify European gas supplies and increase LNG imports. The EU Energy Platform, established in April 2022, will play a key role in pooling demand, coordinating infrastructure use, negotiating with international partners and preparing for joint gas and hydrogen purchases. Beyond these short- or mid-term measures, the structural solution is to reduce our dependence on fossil fuels by fast forwarding the clean energy transition, in accordance with the European Green Deal targets.The ammonia industry is the second largest hydrogen consuming sector in the EU. The total demand for hydrogen by the ammonia industry in 2020 has been estimated at 2.5 Mt, most of it for subsequent fertilisers production. As over 95% of ammonia production emissions come from the production of hydrogen, replacing fossil fuel-based hydrogen with renewable, low carbon and other fossil-free hydrogen is crucial to decarbonising this sector. The REPowerEU Plan sets a target of 10 million tonnes of domestic renewable hydrogen production and 10 million tonnes of renewable hydrogen imports by 2030, part of which in the form of ammonia. Upscaling the use of renewable hydrogen, ammonia and other derivatives would accelerate decarbonisation and greatly reduce the EU’s dependence on natural gas (by approximately 27 bcm), oil (by approximately 3.9 Mt) and coking coal imports (approximately 156 Kt) from Russia (**paragraphs 10, 33, 34, 36 and 63**).

The production of both potassium and phosphorus fertilisers crucially depends on the availability of the mineral resources to be processed into fertilisers. There are therefore inherent constraints to developing a larger European production base, as the required minerals (potash and phosphate rock, respectively) exist only in limited quantities in the EU. The recent Commission proposal for a European Critical Raw Materials Act is relevant in this regard. While there is limited potential to increase the degree of self-sufficiency by mining phosphate rock within the EU, prospects are more promising for potash. Projects aiming to prolonging lifetime and increase production are ongoing in Germany and new mining projects are expected to emerge in the coming years in Spain and Germany. The appropriate approach to developing the EU mining capacity for phosphates and potash will be further examined in the framework of the revision of the critical raw materials legislation **(paragraph 45**). The current constraints on the EU supply of fertilisers do not stem from a lack of production capacities. In the current context of still very high gas prices, the degree of utilization of EU ammonia production capacity is at historically low level, but it is not the absence of operational capacity that constrains the level of production. Some of the capacities that have been closed for years may have been the least competitive ones (because of small size and obsolete equipment) and will not be rendered operational again **(paragraph 47**).

1. Commission response to text adopted in plenary SP(2022)361 27/06/2022 [↑](#footnote-ref-2)
2. [FAO - News Article: Key facts and findings](https://www.fao.org/news/story/en/item/197623/icode/) [↑](#footnote-ref-3)
3. SWD(2022) 230 [↑](#footnote-ref-4)