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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Circular Economy from the point of view of agriculture and forestry
- *Exchange of views based on discussion paper from Austria*

In view of the Special Committee on Agriculture of 20 June 2016, delegations will find attached a document provided by the Austrian delegation on the above-mentioned subject.

AT Discussion Paper

“Circular Economy from the point of view of agriculture and forestry”

I Introduction

The Communication of the European Commission published on 2 December 2015, “Closing the loop - An EU Action Plan for the Circular Economy”, represents an important approach towards a sustainable, low-carbon, resource-efficient, and competitive economy.

Especially the following priority areas of the action plan for the Circular Economy concern agriculture and forestry as well as the food chain: (1) *Biomass*, (2) recycled food waste *fertilisers*, which are mentioned in the chapter *Secondary raw materials*, as well as (3) the *food waste*.

II Priorities of the Circular Economy Package which relate to agriculture, forestry and the food chain

- Biomass

Biomass from agriculture and forestry constitutes the main pillar of the Circular Economy, of the bio-economy and the energy turnaround. As opposed to fossil raw materials, biomass has the advantages of the closed carbon cycle, of renewability as well as of the CO₂ emissions saving potential in production.

The Circular Economy action plan presented by the European Commission, which should take into account also EU targets concerning decarbonisation, the Energy Union, renewable energy sources and the like, provides a positive signal for the further development of the biomass sector.

A more intense use of biomass as a raw material and as a source of generating energy closes not only regional material cycles but also regional value-added cycles. This again creates additional income and jobs in structurally deprived regions.

The use of biomass in the Circular Economy Package should be planned in a way which makes it possible to achieve optimal synergies between the sectors.

To ensure the responsible use of resources, both initiatives aimed at enhancing efficiency in the production of consumer goods and energy and the use of unexploited energy potentials (such as waste heat or renewable sources of energy) should be promoted. Any efficiency criteria to be defined should on the one hand consider the state-of-the-art and on the other avoid barriers for regional supply concepts.

Approaches towards biomass promotion must be holistic. The use as a raw material and as a source to generate energy as well as the use in the food and feedstock production must be seen in the light of strengthening regional cycles. Regulative interventions into this sensitive system may have serious impacts on the well-working market structure and on raw material flows. This should be taken into account when elaborating proposals concerning the control of the Circular Economy.

- Fertilisers

Organic fertilisers as well as residues in fertilisation are another agricultural priority in the Circular Economy Package. They are mentioned also in the draft of the new EU Regulation on fertilisers.

The sustainable use of nutrients from organic fertilisers and of recycled nutrients reduces the dependence on imports and increases resource efficiency. Furthermore, environmental targets - such as climate protection, carbon dioxide reduction or air-quality control - are pursued in this way. The positive aspects of sustainable fertilisers give reason to expect benefits for all stakeholders.

In order to further boost the use of recycled nutrients, all nutrient sources having potential in fertilisation should be examined in the course of the discussion process for the new Regulation on fertilisers. The examination should be based on economic, technical and environmental criteria.

When regulating fertilisers, the principles of subsidiarity and administrative simplification have to be taken into account. Rules concerning analytical parameters and labelling on all levels should be provided only to the extent absolutely necessary to avoid additional bureaucratic requirements for the enterprises.

With a view to sustainable production, sources of nutrients should be used as efficiently as possible. To ensure that organic fertilisers and residues are really used in agricultural production, solutions have to be practice-oriented. It is therefore essential to involve actors from agriculture and forestry in the discussion on the new Fertilisers Regulation in due time.

- Food waste / Food losses

Both the Circular Economy Package and the United Nations sustainability targets for 2030 aim at halving food waste at the retail and consumer levels and at reducing the losses along the production chain and the supply chain. In the proposal relating to the new Directive on Waste, Member States are requested to reduce the losses on each level of the supply chain and to report on their achievements.

Estimations suggest that EU-wide about 100 million tonnes of food are wasted along the entire chain per year. According to the 2015 Eurobarometer survey on this topic consumers think that action is above all (76 %) required in households themselves [shops/ retailers (62 %), hotel and catering industry/ restaurants (62 % as well), farmers (30 %)]. This assessment is confirmed by a study of the EU project “FUSIONS”¹ which says that 53 % of the food is lost in households; 11 % of the losses are generated in agriculture.

Nevertheless food losses can be reduced also at the agricultural holding. Solutions should above all be based on a financially reasonable use of food (as animal feed, for biogas plants, in further processing). Also improvements in harvesting and storing techniques, intensified information, training and consulting, as well as innovation aids in the framework of the rural development programmes create incentives for improving the loss balance.

Also voluntary initiatives of supermarkets which pass unsaleable foods on to persons in need may be a solution. In order to reduce the number of unsaleable foods, date marking (minimum shelf life etc.) should be reconsidered and consumers should be better informed about their meaning.

¹ “Reducing food waste through social innovation”, FUSIONS EU project, FP7, running 2012 – 2016.

The European Commission already announced activities which should be taken up as soon as possible (common way of measuring and indicators for food waste, platform to bring together the actors of the food supply chain, specification of the legal provisions, facilitation of food donations and the use of side products and of former food in the animal feed sector). What is important in this context is to distinguish between losses and waste as well as between “avoidable” and “unavoidable”.

III Discussion of the Circular Economy from the point of view of agriculture and forestry

The Commission’s action plan on the Circular Economy concerns various policy fields and addresses a great number of actors. Placing the topic on the agenda of the Council Agriculture and Fisheries is a positive signal for the strengthening of the sustainable, resource-efficient agriculture.

The following questions are to contribute to a well-structured discussion:

- Which potential do you think does biomass have to reduce the consumption of fossil and other non-sustainable sources of energy? Biomass is above all produced on regional level. Which regulatory interventions would have adverse impacts on regional material cycles and should therefore be avoided? Which controlling interventions strengthen regional material cycles?
- Presently, a discussion process on the new EU Fertilisers Regulation is taking place. Where do you see potential for a sustainable, resource-efficient regime for fertilisers? Is it possible to fully exploit this potential by means of the new proposal or do you think there is need for improvement concerning the Fertilisers Regulation?
- Which options are available to reduce food waste with consumers, in restaurants, in trade, during processing and the food production? Which of the measures announced by the Commission should have priority?