Lower House of the Dutch Parliament 2

Meeting year 2025–2026

36 849 **Legislative proposal of the members Holman and Grinwis amending the Fertilisers Act, the Environment Act and the Economic Offences Act in connection with the introduction of land-based dairy farming, the designation of social agricultural areas and responsible fertiliser disposal (Land-Based and Responsible Fertiliser Disposal Act)**

No. 3 **EXPLANATORY MEMORANDUM**

Contents

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I. GENERAL

1. Introduction

The present legislative proposal aims to legally enshrine the land-related nature of agriculture as a guiding principle in manure and agricultural policy. The standstill in agricultural policy must be broken and farmers must be given greater clarity and prospects for action. Farmers must once again see opportunities to do business in this country. There must be prospects for those who remain and for young farmers. This legislative proposal aims to contribute to an agricultural sector that is environmentally sustainable and economically robust; a more sustainable agriculture in the Netherlands. Also through frameworks for manure disposal within regional and company-specific cycles.

The initiators focus this legislative proposal on land-based dairy farming: a fundamental choice for the future of Dutch agriculture. The aim is to achieve an agricultural system that is in balance with the environmental carrying capacity. Manure is no longer seen as a surplus or a problem, but as a valuable building block for soil fertility, crops, biodiversity and circular agriculture. This legislative proposal aims at a reorganisation of the countryside, in which agriculture and nature are more closely intertwined.

A system of land-based production contributes directly to the realisation of European obligations arising from the Nitrates Directive, the Water Framework Directive and the Birds and Habitats Directives, by reducing the risk of nutrient leaching and run-off. This legislative proposal is an attempt to make livestock farming truly future-proof: by reducing emissions, promoting biodiversity, strengthening the vitality of rural areas, and paying farmers for the social services they provide. This creates perspective. It is therefore not an all-encompassing solution to all the challenges in agriculture, but a necessary system change that lays the foundation for livestock farming that operates in harmony with the environment, nature and society.

There has been talk for decades about a conclusive definition of land-based farming. Opinions and outlooks often differ. By defining land-based farming, we get to the heart of livestock farming. These are far-reaching questions that are considered differently. This is partly due to the diversity that we have to deal with in livestock farming. The present proposal therefore takes account of the diversity within the sector. It is clear that land-based farmers deserve much more security and appreciation, because they form an important foundation for a sustainable, social and future-proof food system and are the guardians of the Dutch cultural landscape. This legislative proposal aims to create legal and policy clarity, so that farmers who invest in land-based farming and responsible manure disposal can count on support. This legislative proposal, with its focus on land-based farming, will replace the previous regulations (*Wet verantwoorde groei melkveehouderij [Responsible Growth in Dairy Farming Act*] and*Wet grondgebonden groei melkveehouderij [Land-based Growth in Dairy Farming Act]*), as currently included in the Fertilisers Act.

This legislative proposal is in line with existing policy developments in the field of circular agriculture and nature-inclusive agriculture, the European Water Framework Directive and the broader transition task for rural areas. At the same time, this legislative proposal opts for a

clearer and more ambitious legal anchoring of land-based farming and manure responsibility. Towards sustainable livestock farming that truly does justice to the soil, the farmer and the citizen. Farmers who take responsibility deserve a legal framework that does not hinder them, but rather provides guidance. This legislative proposal is therefore not an instrument of correction, but of perspective and clarity.

Furthermore, the initiators are thereby fulfilling an obligation that the Netherlands has entered into with the European Commission to ensure land-based dairy farming by 2032 at the latest. And with the derogation set to expire in 2026, the urgency to establish a link between land – particularly grassland – and dairy cattle is greater than ever.

The following sections provide further details on the general background and history (2), the outlook of the initiators (3), the content of the legislative proposal (4), the European aspects (5), accompanying policy (6), the effects on businesses (7), environmental effects (8), the financial consequences (9), implementation and enforcement (10), consultation (11), transition and entry into force (12), followed by an article-by-article explanation.

2. General background

The Dutch livestock sector is of great value to our society. Agricultural entrepreneurs provide our food and maintain our landscape on a daily basis. At the same time, there has been a structural imbalance between manure production and manure placement space in recent decades. In particular, in cattle-dense areas, the amount of animal manure produced has for years exceeded the capacity to dispose of that manure in a responsible manner. This leads to pressure on our water quality and nature, high costs for transport and processing and ultimately to a system that is difficult to maintain. The loss of the derogation reveals that we can no longer turn a blind eye: the manure problem is becoming physical and disposal costs are skyrocketing.

A fundamental change of course is needed to restore balance between agriculture, the environment and society. By placing land-based farming at the centre of dairy farming, the volume of manure production is more balanced in relation to the manure placement space. For individual farms, due to the basic principle of land-based production, a larger fertiliser placement capacity is realised with respect to the fertiliser production. The current perverse price incentives to apply more manure than is agriculturally necessary and environmentally desirable, due to the high costs of manure disposal, are thereby eliminated by land-based farming. Smaller farm surpluses and a better balance between local manure production and installation space reduce the risk that operators commit irregularities in order to dispose of the manure, in order to avoid the high costs of manure processing and other manure disposal costs. Furthermore, land-based farming and the reduction of farm surpluses ensure that farmers are less dependent and vulnerable when manure processing options are no longer available.

Over the past 40 years, a series of policy measures have been implemented and numerous reports have been published to address this issue. Some examples here would be the Fertilisers Act [Meststoffenwet], the phosphate rights scheme, various notes relating to land-based livestock farming, the outlook for agricultural cycles, the

National Programme for Rural Areas [Nationaal Programma Landelijk Gebied, NPLG], the draft Agricultural Agreement. In addition, there are extensive administrative obligations and controls on manure transport, registration and use. These measures have not been unsuccessful. Since the mid-1980s, this policy has led to an improvement in our environmental quality. Many farmers have invested in better manure handling and manure processing and have also invested in cooperation with arable farmers in the region, for example. That certainly deserves recognition. At the same time, the manure problem has not yet been resolved in many regions. Despite new rules in the manure policy, such as lower application standards and new application regulations for manure use (‘calendar agriculture’), there has been little improvement in (ground) water quality in recent years. A change of course is needed in manure policy in the form of land-based farming in order to achieve a breakthrough. The initiators are attempting to put an end to the numerous regulations at company level and work towards a system in which the frameworks are clear and farmers can simply get on with farming again.

The European Commission has in the past set ceilings on manure production in the form of nitrogen and phosphate ceilings in the derogation decisions and urged the Netherlands to address the regional problems in the manure surplus areas. Land-based farming is a measure that addresses these regional problems and ensures that dairy farming remains in balance with the environment. It ensures that there is a balance between the number of animals and the environmental use space. And the land-based farming sector can optimally contribute to healthy soil and good biodiversity. The measure therefore contributes significantly to the Netherlands' chances of obtaining a new (grassland) derogation under the Nitrates Directive.

Before coming to the legislative proposal, it is relevant to outline the context with attention to the attempts that have already been made to arrive at a definition of land-based farming. This also applies to policies already in place to achieve our nature and climate goals. The knowledge gained so far must be used to achieve a sustainable and more future-proof livestock farming system. In doing so, Dutch agriculture can build on what has already been achieved.

2.1 Context & history

Dutch agriculture has undergone many changes over the past decades under the influence of policy and legislation. From the 1980s onwards, it became clear that intensive livestock farming, which had contributed significantly to food security and export strength for decades, also had a considerable impact on the environment. Since 1987, the Netherlands has applied the Fertilisers Act, which from 1996 onwards is also the Dutch elaboration of the European Nitrates Directive introduced in 1991. The distinction made by the Nitrates Directive between animal manure and artificial fertiliser is of fundamental importance. The use of animal manure is capped at 170 kg N per hectare for the entire EU, and this may be increased if the European Commission grants a derogation. In order to obtain the derogation, the Netherlands had to give firm guarantees that nitrate leaching into groundwater and surface water would be limited. In 1995, farmers were also required to keep track of their mineral flows through the mineral accounting system (MINAS). The Court of Justice of the European Union ruled in 2003 that MINAS did not comply with the

Nitrates Directive. According to the Court, the system of loss standards, such as MINAS, was inadequate.

The system of usage standards was introduced in 2006. This system no longer only controlled the total amount of manure that a farmer produced, but especially what was actually used on the land. For nitrogen and phosphate, concrete use standards per hectare applied, tailored to crop type and soil type. With this, the government wanted to achieve that nutrients were used more efficiently and that leaching to groundwater and surface water would be reduced. Since then, these standards have been gradually tightened, each time under pressure from the European obligations under the Nitrates Directive. For farmers, this meant a continuous adaptation of their business operations and fertiliser planning, often with higher costs and more administrative obligations.

From 2014, this included the obligation to process manure, when the ‘Dairy Farming Responsible Growth Act’ was introduced, which included the so-called manure processing obligation. This was partly in anticipation of the end of milk quotas and to ensure that manure could still be disposed of in a responsible manner. Farmers who produced more manure than they could dispose of on their own land within the applicable usage standards set by the EU had to demonstrate that this surplus was processed in a responsible manner. The aim was to prevent manure from being spread or dumped illegally, thereby causing environmental problems. Although in theory this system had to close the manure cycle, in practice it led to a significant increase in manure transports and high processing costs. For many businesses, it again meant extra financial pressure, while the environmental benefits remained limited.

The abolition of milk quotas in 2015 marked a new turning point. Dutch dairy farmers are using the freed up space quickly, exceeding the national phosphate ceiling agreed with Brussels. The then cabinet had to intervene and did so with the introduction of phosphate rights: another measure that had a profound impact on farmers' business operations. At that time, the State Secretary for Agriculture, Sharon Dijksma, submitted the ‘Land-Based Growth in Dairy Farming Act’ because the growth of dairy farms could only be accompanied by sufficient land (more own land or through cooperation), so that manure placement space and livestock numbers would be better balanced. With this law, Dijksma wanted to limit the growth of phosphate production that was still possible within the ‘Responsible Growth in Dairy Farming Act’. This will be achieved by limiting the permitted phosphate surplus in relation to the phosphate surplus in 2014. These rules have ultimately not been enforced[1], nor have they been replaced by new policies to date.

As there was still a large phosphate surplus, livestock farmers were granted phosphate rights for their production from 1 January 2018 onwards. The ‘Phosphate Rights System’ came into force. The aim of the scheme was to bring the total phosphate production below the national phosphate ceiling set by the EU. The abolition of the milk quota increased to such an extent that it was feared that the derogation would be endangered. The core principle of the phosphate

[1] Parliamentary Papers II 2021/22, 33 037, No 482, Letter to Parliament on the Seventh Nitrates Directive Action Programme, 26 November 2021.

rights system is that a dairy farmer may not produce more phosphate than corresponds to the phosphate rights allocated to the farm. However, the phosphate rights are tradable. Whereby each transaction involves skimming. A possibility of general skimming has also been built in.

In 2018, Minister Carola Schouten presented her outlook ‘Waardevol en Verbonden’ (Valuable and Connected)[2], in which circular agriculture and a stronger link between livestock and land were central. Two years later, in the letter to Parliament entitled ‘Contouren toekomstig mestbeleid’ (2020) (Contours future manure policy (2020)[3], she outlined a future in which dairy and cattle farming would become completely land-bound. This was further elaborated in the ‘Roadmap on Future Manure Policy’ (2021), in which it distinguished between different types of farms (from extensive to intensive) and formulated criteria for cooperation agreements.

[2] Parliamentary Papers II 2018/19, 35 000 XIV, no. 5, Adoption of the budget statements of the Ministry of Agriculture, Nature and Food Quality (XIV) and the Animal Health Fund (F) for the year 2019.

[3] Parliamentary documents II 2020/21, 33 037, no. 374, Contours future manure policy, 8 September 2020.

In 2022, it was decided that the European derogation, which allowed Dutch dairy farmers to spread more animal manure than the EU standard of 170 kg of nitrogen per hectare, would be abolished. This is because the Netherlands did not structurally meet the requirements of the EU Nitrates Directive. Water quality remained below standard in many regions, prompting the European Commission to decide to phase out the derogation by 2026. Under the scheme, companies participating in the derogation had to have at least 80% grassland. Now that this obligation has been lifted, dairy farmers are no longer bound to maintain a high proportion of grassland. This makes grassland relatively less attractive, and researchers at the Louis Bolk Institute expect that the total grassland area in the Netherlands could decrease by as much as 150,000 hectares[4]. This report is included as Annex 1 to this explanatory memorandum. The application standard for animal manure also decreases to 170 kg N/ha for all the total agricultural area, resulting in a structural fertiliser surplus.

In 2022, in consultation with the European Commission, it was decided that the Netherlands would introduce fully land-based dairy and beef farming by 2032 at the latest. This was included in an addendum to the 7th Nitrates Directive Action Programme and linked to an amendment to the Fertilizers Act. In the same year, the National Programme for Rural Areas (NPLG) started, in which provinces drew up area programmes, often with land-based production as a theme. This was followed by several policy documents and proposals, including the derogation decision (2022) and the failed Draft Agricultural Agreement 2040 (2023), in which variants of a grassland standard were discussed. In 2024 and 2025, Minister Piet Adema, and later Minister Femke Wiersma, took further steps with plans for a grassland standard and studies by Wageningen UR. In March 2025, an initial exploration of variants was published, followed by broader economic analyses.

In parallel, the Shoof cabinet (2025) presented a starter package to overcome the nitrogen impasse. It again emphasised that work is being done on a legislative proposal for land-related farming and responsible manure disposal, with a focus on target management via a substance balance.

In short, numerous instruments have been used. Subsidies for low-emission stables, innovation programmes for manure processing, voluntary remediation schemes for pig and dairy farming, and area-based pilots were intended to contribute to sustainability. In addition, with the Climate Agreement (2019) and the agreements surrounding Natura 2000, agriculture became increasingly involved in national climate and nature targets. Provincial policy programmes and the National Programme for National Areas (NPLG) are also examples of increasingly far-reaching policy.

But despite these efforts, structural improvement is lagging behind. The water quality still does not meet the standards set out in the Nitrates Directive and the Water Framework Directive. Due to the loss of derogation, the requirement to keep grassland will also disappear for many dairy farmers. As a result, a lot of grassland is torn up, which is bad for water quality. Climate change also has a significant impact on the cultivation and management of grassland. Rising temperatures and changing precipitation patterns are shifting growing seasons:

[4] Louis Bolk Institute, Effecten van een oplopende graslandnorm op de levering van ecosysteem-diensten, 2025 (Effects of an ascending grassland standard on the provision of ecosystem services, 2025)

grass begins to grow earlier in the spring, but drought and heat waves in the summer can significantly reduce yields. Prolonged drought leads to soil desiccation and reduces nutrient uptake, while extreme rainfall can lead to waterlogging and structural damage. In addition, a warmer climate promotes the growth of undesirable weeds and diseases, which affects the quality of the grassland. Salinisation also affects the quality and growth of grassland, particularly in coastal regions. Salinisation is a consequence of sea level rise and changes in water management due to climate change, which can result in poorer grass growth and reduced yields. Farmers must therefore adapt their management practices, for example by sowing more drought-resistant grass varieties, irrigating more efficiently and adjusting mowing management to changing growing conditions. In addition, it is becoming increasingly desirable for farmers to switch partially to other crops for animal feed, such as maize or fodder crops that are more resistant to drought, heat and salinisation, in order to guarantee feed security for their cows.

Natura 2000 areas are under pressure, partly due to nitrogen deposition from agriculture. Greenhouse gas emissions from the sector are falling, but not enough to meet the long-term goals. And especially for farmers themselves, there is less and less clarity. They are confronted with an accumulation of rules and short-term programmes that are constantly being adjusted. This has led to uncertainty, loss of confidence in the government and a lack of willingness to invest. Furthermore, the policy has contributed to economies of scale and intensification.

All these developments show that the policy currently in place is still insufficient to ensure a healthy future for Dutch agriculture. It is clear that the current course does not lead to an agriculture that is both environmentally sustainable and economically future-proof.

After decades of directive policy, based on a combination of standardisation and financial incentives, we are now at a crossroads. Farmers need clarity, perspective and a good income. Society demands healthy nature, a pleasant living environment, clean water and a stable climate. A fundamental decision must be made about the position of Dutch agriculture. Only with a clear course of action can certainty be created for farmers, food security be guaranteed, and nature and climate goals actually be achieved.

3. Outlook

The Netherlands faces a number of major challenges in the areas of nitrogen, water quality, landscape, nature and animal welfare. Although numerous policy measures have been taken, to date there is no comprehensive and coherent approach to the question of which place agriculture, nature and food production should occupy in the future. Intensification and scaling up of agriculture have led to pressure on nitrogen space, reduced water quality and a loss of biodiversity. As noted by the Remkes Commission (‘Not everything can be done everywhere’), the solution requires guiding choices with a lasting impact. This legislative proposal recognises this challenge and translates it into clear frameworks that, on the one hand, allow room for transition and, on the other hand, offer prospects for maintaining our food production and our cultural landscape.

3.1 Six dilemmas

In early October 2023, Wageningen University & Research published the report 'WUR perspectives on agriculture, food and nature'[5]. Containing six dilemmas that require choices to be made. The answers to these dilemmas form the basis of the current legislative proposal.

3.1.1 What will the contribution of Dutch agriculture be to the world food supply?

In light of geopolitical uncertainty, climate change and pressure on international supply chains, food security is high on the agenda. Dutch agriculture traditionally makes a substantial contribution to the export of agricultural products. At the same time, the current context calls for a recalibration: what is a sustainable, socially legitimate and ecologically responsible contribution by the Netherlands to the world food supply?
Dutch agriculture should actively contribute to the food supply within North-West Europe. It is very important for our own resilience that we safeguard food security. Another strength of Dutch agriculture is knowledge and innovation. That is our contribution to the global food supply. In order to maintain that level of knowledge and innovation, Dutch agriculture needs to achieve a certain level of production (i.e. critical mass). This legislative proposal aims to maintain a certain production volume and opts for strengthening the regional food supply within Northwest Europe. Of course, taking into account the environment, the environmental use space and available land.
Finally, clear choices are needed about the scale and direction of certain sectors. Not all forms of production can continue indefinitely and everywhere. This requires political courage, administrative clarity and a reliable government that sticks to its long-term course.

3.1.2 Livestock farming in the Netherlands, what is its function?

Livestock farming in the Netherlands fulfils several functions that are of ecological, economic and socio-cultural importance. The legislative proposal therefore aims to provide for animal husbandry forms that:
- contribute to food security and nutritional value;
- fit within the environmental use space and contribute to soil fertility and circular agriculture;
- play a role in maintaining the cultural landscape; and
- are socially responsible, partly through transparent standards and fair relationships in the chain.

Dairy farming is recognised as a key element of the cultural landscape, playing an important role in grass-rich areas that are less suitable for intensive arable farming or horticulture. This also includes areas such as peat meadows and parts of the sandy soils. Dairy farmers convert grass, a raw material unfit for human consumption, into high-quality animal protein, while maintaining biodiversity and a positive effect on soil, water and air quality, if managed within the right frameworks. This legislative proposal encourages land-based dairy farming because it forms a basis for local cycles, a better environment, clean water and healthy soil. With land-based dairy farming that responds to clear sustainability demands from the market and society, the Netherlands can distinguish itself as a dairy country from other producing countries

[5] Bos, A.P. et al., *WUR-perspectieven op landbouw, voedsel en natuur* (*WUR perspectives on agriculture, food and nature*), Wageningen University & Research, 2023.

and thereby strengthen its market position.[6]

Pig farming is particularly suitable for converting residual products into food. The objective would be pig farming that is regionally spread, where animal health and manure processing can be organised responsibly. This requires business forms without excessive dependence on imports or large-scale exports. Regions with excessively high manure concentrations or an increased zoonotic risk are not eligible for expansion of pig farming, but are eligible for restructuring. The legislative proposal does not address what this restructuring means for pig farming. However, the legislative proposal does initiate regional restructuring by opting for regional manure disposal.

For the poultry sector, a realistic continuation of further sustainability is important. This is well possible due to efficient manure processing and limitation of emissions. Over the past few decades, the sector has made significant progress in ensuring manure processing. A focus for the future is the preservation of minerals from manure, fitting within the circular agriculture idea.

The veal farming industry is currently heavily dependent on imports of young animals. Given the limited space for environmental use and the desire to make food chains shorter and more robust, a kilometre limit for calves imports and the encouragement of more closed chains would be desirable.

Livestock farming in our country cannot be viewed separately from arable farming. The cooperation between the two is very relevant for closing (regional) cycles. Animal manure is of great value for soil fertility and crop cultivation. Therefore, it is important to encourage structural cooperation between arable farmers and livestock farmers in the region. For example, by making it possible for an arable farmer and (dairy) farmer to fill in the Combined Declaration together. The Combined Declaration is the annual digital declaration submitted to the Netherlands Enterprise Agency (RVO) in which farmers register their plots, crops, animals, manure flows and subsidy applications. By offering the option to make this declaration together, the administrative burden is reduced and it is made clear to the government and parties in the chain that manure is used locally and cycles are actually closed. This reinforces the focus on land-based production and regional self-sufficiency.

3.1.3 What is the moral position of animals in our food supply?

Animals have a central place in the food supply in the Netherlands. At the same time, we as a society have a strong duty of care. Animals must be able to live healthy lives and exhibit their natural behaviour as much as possible. Economic pressure should not come at the expense of animal welfare. The implementation of animal welfare must be in line with the six guiding principles for a dignified animal husbandry as formulated by the Council for Animal Affairs. What is crucial here is a level playing field within the European Union. A healthy competitive position for our farmers is important.

This legislative proposal opts for a system in which the number of livestock units (LU) is linked to the milk production per cow. In this

[6] Parliamentary Papers II 2022/23, 30 252, no. 100, Draft Agricultural Agreement and follow-up process, 23 June 2023

way, there is less incentive to continuously raise production per cow. The higher the milk production per cow, the heavier that cow counts in the calculation of the number of LU. This prevents it from becoming economically attractive to further stimulate milk production per cow and removes the incentive to intensify. Farmers must be given the space to farm properly, without compromising the health of their animals or their ecosystem.

With this coupling, it becomes rewarding to steer towards a healthy milk production per cow, appropriate to the amount of available land and the feeding system. This is good for the animal, good for the farm, and good for the support of the dairy farming sector in society.

3.1.4 How many of the future climate and nature goals do we want to achieve in the Netherlands?

We want to leave nature and the environment healthy for future generations, especially for our farmers. This legislative proposal aims to support that objective by enabling farmers to contribute in a more structural way to these public values, within a coherent and future-proof framework for agriculture.

The Netherlands has committed itself to nature, nitrogen, water and climate targets through regulations such as the Birds and Habitats Directives, the Water Framework Directive and the Climate Agreement. It is important that we achieve these goals without shifting the burden to other countries. Within our national borders, we must fulfil our international obligations. This is legally required as well as socially and morally desirable. When we produce food, we must also take responsibility for the impact on the environment and our living environment. At the same time, the initiators are aware that the Netherlands is a fertile delta country, where we want to take good care of fertile agricultural land.

The Birds and Habitats Directive has been incorporated into Dutch legislation through the Nature Protection Act (Wet Natuurbescherming), which was merged into the Environment and Planning Act (Omgevingswet) in 2024. The Netherlands must ensure that habitats and species in the Natura 2000 areas are and remain in a favourable state of conservation. The Water Framework Directive requires the Netherlands to restore the quality of surface water and groundwater by 2027 at the latest. The Climate Agreement commits to a reduction of at least 55% in greenhouse gases by 2030 compared to 1990 levels. Failure to achieve these targets will result in legal proceedings, loss of European funds and policy pressure from Brussels and the judiciary.

Farmers work together in and with the landscape every day. It is precisely for this reason that we must enable farmers to contribute to these goals. With the help of fair rules and room for regional customisation. The initiators want to invest in trust and cooperation between the government and farmers, rather than mistrust and retrospective enforcement.

3.1.5 Agriculture and nature: separate or intertwined?

In order to achieve the goals described, it is important to realise that higher biodiversity enables ecosystems to better withstand climate change. And that the greatest potential for improving biodiversity lies not in nature reserves, but in the ‘transition’ between agriculture and nature. Because of the long history of agriculture in the Netherlands and Europe, the typical cultural landscapes have always been the hotspots of biodiversity.[7]

As indicated above, livestock farming in the Netherlands fulfils several functions that are of environmental, economic and socio-cultural

[7] Scholten, M., Bakker, M., & Jongeneel, R. (2021). Perspectieven voor landbouw in een gebiedsgerichte benadering: Essay op verzoek van Ministerie van LNV. (Perspectives for agriculture in a region-oriented approach: Essay commissioned by the Ministry of Agriculture, Nature and Food Quality.) Wageningen University & Research. https://edepot.wur.nl/557462

importance. This legislative proposal aims to recognise and preserve these functions. In order to achieve our climate and nature goals simultaneously, a degree of extensification is necessary. If we pursue this for the whole of the Netherlands, all farmers will need income support, because the yields per hectare will be roughly halved.[8] Food production will also partly shift abroad, which is not desirable. For this reason, this legislative proposal explicitly focuses on a region-oriented approach. No uniform template shall be imposed. Instead, the proposal recognises the diversity of landscapes, soil types and functions in rural areas in the Netherlands, thereby enabling a tailored approach. In some places, the interweaving of food production and nature can coexist perfectly. In other places, a certain degree of separation is desirable or even necessary.

An important starting point here is the Agricultural Main Structure (AMS), as explored in research by Wageningen University & Research (WUR). This proposes a spatial framework in which specific areas have a primary function in food production. These areas are particularly suitable because of their soil, water management and landscape characteristics. In the AHS, farmers can focus on sustainable food production, where nature and water do constitute preconditions, but are not the guiding principle.

On the other hand, there are areas where the interweaving of functions such as agriculture, nature, recreation and water management is desirable or even necessary. Think of transitional zones around Natura 2000 areas, peat meadow areas or sandy soils with limited carrying capacity. In areas where agriculture and nature come together, as in many small-scale cultural landscapes, the initiators want to support farmers in their role as landscape managers.

The Netherlands has 162 Natura 2000 areas. For example, in and around these areas it is logical and desirable to combine food production with care for nature and our landscape. Farmers not only supply food, but also contribute to maintaining a healthy rural environment.

Combining multiple functions on farmland is already common practice, such as maintaining hedgerows, creating wet areas for meadow birds, or increasing the proportion of herb-rich grassland. This legislative proposal aims to make it easier to make structural work of this, with associated structural valuation.

3.1.6 How to influence consumer behaviour?

The choices that people make every day in the supermarket have a direct impact on how we produce our food in the Netherlands. At the same time, it is not realistic to place the responsibility for making more sustainable choices entirely on the consumer. We must move towards a food and agricultural system in which the social costs are also paid for by society.

In addition, the responsibility of chain parties is important. The Draft Agricultural Agreement has already taken the first steps in this direction with its chain approach: agreements between farmers, processors, supermarkets and the government to steer towards more sustainable production through delivery conditions and purchasing

[8] Bakker et al., Zoneren biedt landbouw toekomstperspectief (Zoning offers prospects for the future of agriculture), Wageningen UR, 2021.

choices. For example, by giving farmers who work more land-based or invest in biodiversity and animal welfare a better premium. Although the Agricultural Agreement never materialised, chain parties and the Ministry are still in talks to reach agreements.

Chains must be motivated to actually take on this responsibility. This is because consumers will only be able to make conscious and more sustainable choices if a more sustainable offer is available. Farmers can provide this more sustainable supply if they are enabled to do so, partly through better prices.

3.2 Balanced agriculture

The present legislative proposal is based on the outlook that the agricultural sector will be structurally balanced in ten years' time: economically sustainable, socially valued and ecologically responsible. This balance requires clear legislative and policy frameworks, long-term investment security and scope for farmers to apply their expertise. In this outlook, farmers are not merely seen as implementers of policy, but as independent entrepreneurs with knowledge, ownership, experience and responsibility.

3.2.1 Economically sustainable

Farmers are able to earn a decent living on a structural and long-term basis and can count on greater financial clarity.

At present, scaling up remains the most obvious option for remaining financially viable and growing. When regulations, such as this legislative proposal, partially restrict economies of scale, it is necessary to have an appropriate revenue model in place to compensate for this. Only then will it be possible to continue farming in a future-proof and economically healthy way.

The sector operates in a free market, but it is important to set clear frameworks to protect public values, such as the protection of our soil and good water quality. The government must ensure fairer relationships in the chain to improve farmers' negotiating position, increase investment security and introduce incentive schemes aimed at sustainability that do not lead to a loss of income for farmers. In short, farmers should earn a fair price for their products, investments in sustainability should pay off structurally, and entrepreneurs should be recognised in their role, where craftsmanship and ownership are paramount.

3.2.2 Socially valued

Farmers are valued for their contribution based on passion and craftsmanship to the food supply, design and maintenance of the immediate environment and animal welfare and animal health. They play a key role in landscape management, in the liveability of rural areas and in the preservation of our cultural landscape. This legislative proposal aims to contribute to the restoration of social appreciation for farmers, their craftsmanship and for their contribution to public services.

3.2.3 Environmentally sound

Farmers will have organised their businesses and management in such a way that the environmental impact has been reduced to an acceptable level. The abundant external input of concentrated feed and artificial fertilisers is being reduced, making more nitrogen space available as well.
Farming without losses is impossible, but with a secure circular approach, losses to water, soil and air are reduced to an acceptable minimum. Farmers have to deal with robust, guiding generic standards, but there is plenty of room for their own craftsmanship and for regional and individual customisation. In this way, they contribute

to a biodiverse landscape with distinctive cultural (historical) elements.

3.3 Principles underlying the present legislative proposal

Based on the above considerations, the initiators have arrived at four basic principles for this legislative proposal:

1. Dairy farms in each region make a positive contribution to the environment in terms of biodiversity and water quality.
2. The challenge varies from region to region.
3. Companies have prospects of remaining competitive in relation to other land use objectives.
4. Clear frameworks (standards/resource requirements) leave room for goal-oriented management to really make a difference.

4. Content of the legislative proposal

This legislative proposal regulates a land-based dairy farm and responsible manure disposal. The land-based dairy farming sector is shaped by creating a two-tier system for agricultural land in the Netherlands: an Agricultural Main Structure and Social Agriculture. The Agricultural Main Structure focuses on food production and food security. In the Social Agricultural Areas, farmers are paid for the services they provide. Land-based production in the Social Agricultural Areas and the Grassland and Resting Crop Standards in the AMS provide a fairer playing field within the agricultural sector, especially in areas with nature conservation or extensive livestock farming. Farmers who adhere to the standard may be eligible for payments, which supports smaller or nature-inclusive businesses. This promotes a fair distribution of government support and encourages sustainable practices. The standard supports social values, such as nature conservation and a cleaner environment, which are widely supported by Dutch society.

Responsible manure disposal is also being pursued by dividing the Netherlands into three manure regions for regional cycles and a more land-based approach to livestock farming.

4.1 Introduction

Farmers in the Netherlands must be able to continue to operate their businesses in a respectable manner. This means that there must be sufficient space for food production and that farmers can earn a good income from this. At the same time, it is very important that our landscape remains well maintained. A healthy soil, clean water, an attractive countryside with a rich nature and improved biodiversity are part of this. Farmers who contribute to these services should also be better rewarded for this on a structural basis. This legislative proposal seeks to strike a balance between these two objectives and aims to adopt a regional approach.

The dairy herd will shrink in the coming years as a result of developments that have already started. The skimming of phosphate rights and the implementation of the purchase scheme are expected to lead to a 7% decrease in 2030 compared to 2022. However, this imposed reduction will not be sufficient to compensate for the abolition of the derogation scheme. The sharply decreasing placement capacity will lead to some of the land owned by dairy farmers being taken over

by arable farmers or being converted into arable land. The increase in phosphate excretion by dairy cattle also means that fewer cows will be kept in the same amount of space. The space available for cultivation will also continue to decrease, as the total agricultural area gradually shrinks due to increasing use of space for other purposes. It is expected that, due to this combination of commitment and planned policy on the one hand and economic developments on the other hand, the dairy herd will have shrunk by 15% in 2035 compared to 2025.[9]

Table 2.5 *Number of dairy cattle and young cattle for breeding in base year 2022 and the relative development compared to 2022 in the estimates for 2025, 2030, 2035, and 2040 under established and established + proposed policy, which also includes the effects of the loss of derogation on dairy farming.*

	Base year		**Established policy**			**Adopted + proposed policy**			
	2022	**2025**	**2030**	**2035**	**2040**	**2025**	**2030**	**2035**	**2040**
dairy cows	1,570,673	96%	84%	82%	78%	95%	83%	80%	77%
young stock breeding	987,086	94%	79%	77%	74%	93%	78%	75%	72%

Allowing such a decline to occur without any form of policy guidance leads to a ‘survival of the fittest’ scenario, in which farmers who want to work more extensively and less capital-intensively are denied a fair chance. It will also encourage investments in expensive technological solutions, often in places that we now expect will not be profitable in the future (due to the accumulation of tasks). The shift from dairy farming to (more intensive) arable farming may solve the nitrogen problem, but leads to new problems with regard to pesticide use, water consumption and quality and natural damage. The process of unguided decline will also cause considerable unrest among many dairy farmers, which may contribute to further deterioration of the landscape, as farmers feel compelled to resort to practices that are undesirable from a social perspective (such as billboards, proliferation of solar parks, improper use of empty stables).

This legislative proposal aims to manage the irresistible contraction of dairy cattle stocks (15% in 2035 compared to 2025). A single method of working is not chosen in advance. Depending on the situation and the region, agriculture and nature can be kept more apart, or more intertwined. Throughout the Netherlands, a form of agriculture that contributes to both food production and nature seems ideal. However, given the high intensity of current agriculture, the impact on nature and biodiversity will be minimal if the decision is made to pursue these two objectives throughout the country.[10] In addition, there are large differences in the tasks in different areas. More is needed in one area than in another. It also appears that in economic terms a farmer is best off with either a focus on food production or a focus on landscape management. A mix of both always turns out less favourable in business economic terms.[11]

The core of this legislative proposal is therefore based on a two-track policy: an Agricultural Main Structure (1) where high-productivity top agriculture can continue to develop and outside it a Social Agriculture (2) in which the focus is on the provision of social services. Both forms have a strong value proposition that protects against unnecessary

[9] https://edepot.wur.nl/683369 Wageningen UR, ‘Raming van luchtemissies uit de landbouw in 2030 en 2035, met doorkijk naar 2040’ (Estimation of air emissions from agriculture in 2030 and 2035, with a look ahead to 2040), December 2024.

[10] Kleijn et al., 2009, Martha Bakker.

[11] Salles et al., 2017, Martha Bakker.

encroachment on agricultural land for other purposes. In the AMS, farmers produce affordable and good food and there is a focus on developing knowledge and skills, partly to maintain the strategic export position of the Netherlands. Social Agriculture focuses even more on working towards an attractive and healthy countryside, and contributes to unlocking the Netherlands with regard to nitrogen and water quality.

By providing the legal framework for differentiation between these types of areas, this legislative proposal enables a regionally adaptive approach, appropriate to the socio-ecological situation in rural areas.

- In the Agricultural Main Structure Areas (AMS) areas, it is important that farmers can provide sufficient food. There, we offer clear rules, stability and room for entrepreneurship. Nature and the environment are not adversaries, but preconditions.
- In the SA areas where agriculture and nature are more functionally intertwined, we want to better support farmers in their role as landscape managers. Here, integration of functions is both logical and desirable.

Full integration of functions is not feasible everywhere. For many farmers, food production remains the core of their business. With this law, we are opting for a practical, hybrid approach that values both food production and social services. This is how we are working towards a balanced countryside: economically healthy and ecologically strong. Farmers are not an obstacle in this, but rather a key player. They bring craftsmanship and the knowledge and skills needed for a future-proof rural area.

4.2 Land-based farming as a basis and necessity

Land-based farming, whether or not linked to manure disposal, has a long history. With numerous proposals, views, suggestions, covenants, policy intentions and choices. Land-based farming means that there is a clear relationship between the amount of manure a farmer produces and the amount of land he or she has available to use that manure in a responsible manner. In other words, most of the manure produced on the farm must be disposed of on the farm's own land or in direct cooperation with neighbouring farms. For Dutch agriculture, this is currently not only desirable, but also necessary. There are a number of important reasons:

- The Netherlands has made binding agreements with the European Union on the protection of water quality, soil and nature, including through the Nitrates Directive, the Water Framework Directive and the Birds and Habitats Directive. Brussels expects the Netherlands to ensure a structural balance between manure production and the absorption capacity of the soil. If we fail to comply, we run the risk of sanctions, stricter usage standards and the loss of exceptional positions, such as the derogation for nitrogen from animal manure. The Netherlands Environmental Assessment Agency (Planbureau voor de Leefomgeving, PBL) concludes that the current direction of the Netherlands is insufficient to achieve the European objectives for nature, water quality and climate. Even if existing policies are fully implemented, there remains a considerable gap between current levels and the targets. Therefore, far-reaching, structural measures are necessary that substantially change both agricultural structure and land use.[12]

[12] PBL, Landbouw en natuurverkenning, 2025 (Agriculture and Nature Exploration,

- By laying down land-based obligations legally now, farmers are given the time to adjust their business operations accordingly. This is because there has been a growth path up to 2034 with respect to land-based production in the 7th Action Programme that the Netherlands is obliged to implement in light of the Nitrates Directive. This provides scope for investment, restructuring and cooperation throughout the entire chain, without this having to be done abruptly and under high pressure. From 2028 onwards, this legislative proposal will impose a grassland standard that will become increasingly stringent. In 2032, we will already be talking about ground-level emissions, but the legislative proposal also allows a little more leeway, namely until 2034 to comply with the final standards. This provides scope for investment, restructuring and cooperation throughout the entire chain, without this having to be done abruptly and under high pressure.
- A good balance between manure production and available soil makes cycles at company and regional level stronger and more robust. It prevents manure from being seen as a problem and instead helps to utilise it as a valuable raw material. This reduces the pressure on fertiliser disposal, prevents overloading of the soil and contributes to healthier crops, cleaner water and less emissions to the air.

4.3 Goal orientation in relation to land-based farming

At the same time, the PBL shows that such structural frameworks alone are not sufficient to achieve the goals for climate, nature and water. In their intensive-technological scenario, the report emphasises that space must be provided within these limits for technological innovation and further sustainability, such as low-emission stables, manure processing and precision farming. In this way, the environmental impact per animal can be further reduced, while economic continuity is maintained. The PBL concludes that the most effective route lies in the combination of nature-inclusive standardised agriculture and technological intensive agriculture. Therefore, in a continuation of the current line of policy developments, target guidance can and should play an important role where efficiency and technological innovation are politically rewarded and required.[13]

The legislative proposal provides clear frameworks and at the same time provides scope for target-oriented regulation. In fact, the goal-oriented direction is important for the sector to make further more sustainable and to use the skills of entrepreneurs. For an effective and future-proof agricultural policy, we establish land-based farming as a safety net, goal-oriented management to achieve targets at farm level, and an area-specific approach for the transition of rural areas.

As regards target-related guidance within this legislative proposal, it is not possible for initiators to develop a fixed system. In the coming years, it will mainly be used to gain experience in the implementation of the current standards, including the grassland standard, and to examine how target control can play a role in this. An evaluation will take place in 2030 to see whether and how a link can be made between the then more detailed target-based requirements and the existing standards. Initiators would like farmers to be able to apply

2025).

[13] PBL, Landbouw en natuurverkenning, 2025 (Agriculture and Nature Exploration, 2025).

more flexible standards when it is clear that they are meeting their environmental goals. Because this system has yet to develop, it is not yet possible to draw any conclusions as to how exactly it will take shape. However, this legislative proposal endorses the potential of target management: it offers future opportunities to make policy more flexible, area-oriented and effective.

4.4 Area differentiation as a basis

Before we delve further into the three main strands of this bill, it is important to explain why spatial differentiation in the Netherlands serves as the basis for the initiators. A single national LU/ha or grassland standard for all areas may sound straightforward, but in practice this has unfavourable consequences. Fertile soils are underutilised, while vulnerable soils are overburdened.

Land-based farming in combination with spatial differentiation serves multiple goals at the same time. Of course, technical solutions can be devised for virtually every individual environmental problem in agriculture that appear less drastic than an area-specific reduction in livestock numbers. For nitrogen, you could consider emission-free livestock housing; for soil subsidence in peat meadow areas, monitoring well drainage; for climate targets, solar fields; and for water quality, hedges and buffer strips. In themselves, there is nothing particularly wrong with some of these measures, but a singular approach has disadvantages:

1. Higher costs: the measures for single objectives are, together, much more expensive. That bill will end up being footed by farmers and society as a whole.
2. Scaling up: such solutions often require significant investments that only the larger companies can make. The more small-scale businesses must stop. The environmental gains achieved will quickly evaporate again – without very strict safeguards – because the need to recoup the investment necessitates further intensification.
3. Measures are contradictory: for nitrogen, animals must be kept indoors, but for animal welfare, they must be kept outdoors. Converting dairy farms to arable farms can be a solution to the nitrogen problem, but this can actually worsen the water quality. This results in policies that have a detrimental effect.
4. Impact on landscape values: technical measures such as manure digesters, modern manure stores and solar fields do not dissolve everything. They can even put further pressure on landscape beauty, cultural history and biodiversity.
5. Financial lock-in due to technology: high investments in more technical measures lock the sector into a specific production model. This limits the freedom for farmers to opt for more structural solutions at a later stage.

In its *Landbouw en Natuurverkenning (2025) (Agricultural and Nature Exploration (2025))*, the PBL shows that even in the intensive-technology scenario, in which innovation and technology are deployed on a large scale, environmental pressure will only decrease sufficiently when this is combined with an integrated approach, land use planning and extensification. The report stresses that a more integrated course remains necessary, in which technological improvements are linked to spatial choices and better land use to create a structural balance

between agriculture and ecology.[14]

Addressing the further sustainability of agriculture on a theme-by-theme basis is therefore not only unnecessarily costly, but also detrimental to the landscape and the future-proofing of policy. Without a better, integrated and sustainable approach, farmers are repeatedly confronted with another emerging problem. Furthermore, scientific research shows that current environmental legislation will significantly reduce the number of farms and the amount of livestock[15]. It is therefore essential to steer this process in the right direction, particularly for the future of farmers in the Netherlands.

This means:
- That we are steering the future of the sector. No forced shrinkage that only the largest farms will benefit from, but a process in which less capital-intensive farmers are also given a good opportunity. This will in fact give young and new farmers a fair opportunity as well.
- Prevention of capital-intensive investments that will not yield a good return in the future.
- Preserving as much of the existing agricultural land in the Netherlands as possible.
- Deployment of public money for public services that lead to added value for society. Such as a more beautiful landscape, greater biodiversity and cleaner water.
- Measures should serve multiple purposes.
- A clear vision for the future in which farmers have the space to think ahead and do business, while taking into account the limits of our planet.

For these reasons, this legislative proposal focuses on spatially differentiated land-based farming. This approach ensures that environmental goals, economic goals and social goals are achieved (and measures do not contradict each other). By linking livestock density to the carrying capacity of the soil in specific regions, we prevent overgrazing, make optimal use of fertile land and effectively protect vulnerable areas.

In this legislative proposal, the initiators enshrine land-based farming and responsible manure disposal along three lines:

Line 1: In the Agricultural Main Structure (AMS), we are applying a grassland standard of ultimately 0.35 hectares of grassland per LU in 2034. This standard also covers specific catch crops and cover crops. This standard is included in Article 21 of the Fertilisers Act;

Line 2: In areas with Social Agriculture, a LU standard of 1.5 LU/ha will apply by 2034. Until then, it is a voluntary choice to comply with the standard. In return, he/she will receive a payment (estimated at €1,000 – €2,500/ha/year) for each year that the requirement is met, even if this is done (voluntarily) before 2034. We include this in Article 2.31B of the Official Journal of the EU. For peat meadows classified as Social Agriculture, we do not apply an LU standard, but rather a stricter grassland and cover crop standard of 0.5 hectares of grassland per LU.

Line 3: Implementation of Responsible fertiliser disposal is carried out

[14] PBL, Landbouw en natuurverkenning, 2025 (Agriculture and Nature Exploration, 2025).

[15] https://edepot.wur.nl/683369 Wageningen UR, ‘Raming van luchtemissies uit de landbouw in 2030 en 2035, met doorkijk naar 2040’ (Estimation of air emissions from agriculture in 2030 and 2035, with a look ahead to 2040), December 2024.

by classifying the Netherlands into three Manure Regions: North, Middle and South. We include this in Article 15a of the Fertilisers Act;

The grassland and cover crop standard and the LU standard have similarities: they both strive for a healthy balance between the number of animals kept and the amount of land available, so that manure production and manure utilisation remain in balance. A grassland and cover crops standard indicates how many hectares of grassland or cover crops a holding must have at least per LU. For example: 0.35 ha of grassland per LU means that a holding with 80 dairy cows (approximately 80 LU) and 40 head of young cattle (approximately 21 LU) must have at least 35 hectares of grassland or cover crops. A LU standard formulates it from the opposite side: how many LU can be kept per ha at most. In the case of a LU standard, all agricultural land is taken into account for the calculation, which means that this measure is broader than just grassland or cover crops. In the AMS areas, where food production and agriculture are paramount, a conscious decision has been made to adopt a grassland and cover crop standard, as the aim is to achieve a certain number of hectares of grassland or cover crops in order to improve water quality. In the social agricultural areas, there is a number of LU/ha. This encourages a lower intensity of livestock. This reasoning is based on the limited amount of land available for livestock farming, without compromising a liveable countryside, clean water, biodiversity and an attractive landscape.

4.5 Agricultural Main Structure

The Agricultural Main Structure (AMS) forms the foundation for Dutch agriculture, which must provide good food. Food production is central to these areas: this is where most of our food is produced, where generations of knowledge and craftsmanship are put to use, and where farmers have plenty of scope for entrepreneurship. By establishing an AMS, we can guarantee a stable and affordable food supply and maintain our knowledge and expertise in the field of agriculture. At the same time, entrepreneurs can farm with pleasure and confidence, because there are clear rules of the game and long-term certainty about the use of land.

With the AMS, we are opting in this legislative proposa for an area-based approach in which the economic strength of agriculture and the ecological health of the landscape go hand in hand. This is how we keep the countryside liveable, productive and attractive. And we ensure that farmers, nature and society reinforce each other rather than compete with each other.

Since the mid-1980s, the manure policy has been improving environmental quality. However, despite the introduction of phosphate rights and various action programmes under the Nitrates Directive, there has been virtually no improvement in (ground)water quality over the past decade. In areas with moderate groundwater quality, it appears to be ineffective to lower usage standards and/or implement various usage regulations on the application of manure. A change of course in manure policy is needed to achieve the desired (ground)water quality.

A grassland and cover crops standard is the desired instrument to balance the size and intensity of farms with the environment. The maintenance of well-managed (permanent) grassland ensures that social objectives in the areas of nature restoration, biodiversity,

nitrogen and climate, soil and water, as well as animal welfare, are integrated into the business operations. Pasture land reduces the dependence on the import of animal feed raw materials. It creates space for cows in the meadow, which are an important part of our Dutch cultural landscape.

Land-based farming prevents regional manure surpluses and is therefore a basis for closing local cycles. The removal of the high fertiliser placement pressure contributes to improving groundwater and surface water quality. In addition, land-based dairy farming can strengthen the positive image and differentiate the sector from competition abroad.

The grassland and the area of cover crops that counts towards the standard is all the grassland (temporary, long-term, permanent) and the area of cover crops that lies within 50 km (as the crow flies) of the production site of the holding on land over which the dairy holding has control and actual use (own land, rent, lease). Natural land with grass on which dairy cattle are grazed may also be counted, because this land is actually used for the feeding and/or grazing of the dairy cattle. In addition, this soil also encourages land-based manure disposal where possible.
The standard of 0.35 ha/LU in the AMS also provides opportunities for manure disposal for the farmer. The European Nitrates Directive stipulates that farmers may use a maximum of 170 kilograms of nitrogen from animal manure per hectare per year. An average dairy farmer produces 280 kilograms of nitrogen per hectare from animal manure, based on an average of 100 kg of nitrogen per cow and 2.8 LU/ha. With the standard of 0.35 ha/LU, a farmer can dispose of approximately 170 kg of 280 kg of nitrogen from animal manure on his own farm. That leaves about 110 kg.
This manure can be deposited on land belonging to arable farmers with whom we cooperate, whereby hectares within a distance of 50 kilometres count towards the grassland standard. The remaining manure can be sent to a processor, exported or disposed of within 100 km or within the transport region (which is much larger than 100 km). This is further discussed in Section 4.8.

The value of 0.35 ha/LU of grassland and acreage of rest crops in the AMS has been chosen for several reasons, among others because it is practically feasible for many farmers. This is explained in more detail in Chapter 7 Effects on businesses. Especially for farmers on land with lower productivity. It is close to the natural load-bearing capacity of less intensive grasslands, without unduly restricting farmers in their operations. A stricter standard is too restrictive for farmers and leads to less profitable farms, while a more flexible standard increases the risk of overgrazing, soil damage and environmental pollution.
In addition, research by Wageningen UR shows[16] that the carrying capacity of grassland in the Netherlands at a livestock density of approximately 0.35 ha/LU ensures a sustainable balance between grass production and grazing. This prevents overgrazing and gives the grassland sufficient time to recover, while preserving soil structure and biodiversity.

In the context of agricultural nature management, such as meadow bird management, 0.35 ha/LU is a practical standard. It ensures sufficient openness and low disturbance of the grassland, which is

[16] Verkenning varianten van een graslandnorm (Exploration of variants of a grassland standard), Wageningen UR, 2025.

essential for breeding meadow birds such as the black-tailed godwit or lapwing. For some farmers, this standard is often laid down in management agreements and subsidies.

In addition, the standard of 0.35 ha/LU contributes to the preservation of rural grassland areas. Calculations by the Louis Bolk Institute[17] show that maintaining the current area of grassland in the Netherlands is only feasible if the ratio is at least 0.35 hectares per LU[18]. A lower ratio would lead to further conversion of grassland into arable land, with negative effects on soil structure, water quality, biodiversity and carbon sequestration. By focusing on this standard, the current grassland area can be preserved and a stable basis laid for sustainable production within the Agricultural Main Structure.

The Netherlands Enterprise Agency (RVO) has made the suggestion to base the standard on the nitrogen use standard of 170 kilograms per hectare, in accordance with the Nitrates Directive and the Fertilisers Act. This reference is administratively easy to apply and is consistent with existing systems. After careful consideration, it was decided to deviate from this standard reference and set a higher standard. This choice is thus based on the practice of cooperation between dairy farmers and arable farmers and other livestock farmers in the vicinity, export and fertiliser processing.

The chosen standard of 0.35 ha/LU is also achievable. This is further substantiated in Chapter 7 Effects on businesses. Consultation shows that most of the concerns are about feasibility in the southern provinces. Statistics Netherlands (CBS) data from 2024[19], looking at grassland distribution per municipality in Noord-Brabant and Limburg, shows that in many municipalities there is sufficient area to meet the standard without this, on average, leading to major restrictions for existing businesses. Based on the average area per municipality, it appears that, when taking into account the possible conversion of fodder crops to grassland, only 6 of the 86 municipalities at area level do not meet the grassland standard of 0.35. Below is an overview of the six municipalities in North Brabant with the lowest grassland area per LU, where farms therefore cannot meet the grassland standard of 0.35 ha/LU, or can only do so with difficulty.

Overview of LU per hectare per municipality in 2024 (CBS data)

Municipality
Baarle-Nassau
Goirle
Someren

[17] Louis Bolk Institute, Effecten van een oplopende graslandnorm op de levering van ecosysteemdiensten, 2025 (Effects of an ascending grassland standard on the provision of ecosystem services, 2025).

[18] Louis Bolk Institute, Effecten van een oplopende graslandnorm op de levering van ecosysteemdiensten, 2025 (Effects of an ascending grassland standard on the provision of ecosystem services, 2025),

[19] Statistics Netherlands (Centraal Bureau voor de Statistiek), *Population; key figures*, accessed 29 October 2025, via https://opendata.cbs.nl/#/CBS/nl/dataset/80781NED/table.

In the current situation, it appears that in several municipalities the available grassland area is on average still insufficient to directly meet the standard of 0.35 ha/LU. However, by converting part of the existing area with fodder crops into grassland or cover crops, this standard can become feasible in most municipalities. The fodder crops included in this calculation are alfalfa, silage maize and fodder beet. These crops are not grown exclusively by dairy farmers; in some cases, they are grown by arable farmers in the region. In situations where dairy farmers do not have sufficient land themselves, cooperation between dairy farmers and arable farmers will therefore be necessary in order to jointly comply with the grassland standard. If the area of the arable farmer is located within a radius of 50 kilometres from the cattle farmer, it will also be taken into account for his grassland and cover crop standard.

On average, this adjustment is feasible within most municipalities, but there will be exceptions where the available space, the company structure or the type of land will make it significantly more difficult to achieve the standard. However, it is expected that sufficient space will remain available because companies can convert their own land used for maize or fodder crops into grassland and because those who cease farming (autonomous decline) will make land available. As a result, it is expected that most busineses within the AMS will be able to meet this standard by 2034. This makes the impact of this standard manageable and can have a positive effect in these areas by adding more grassland instead of arable land. This requires robust land policy; more on this in Chapter 6, Supporting policy.

In the rejected agricultural agreement, former Minister of Agriculture Piet Adema proposed a grassland standard of 0.35 ha/LU in 2032. Because we are now two years further, this legislative proposal opts for a somewhat broader timeline, whereby in 2034 the grassland standard will be 0.35 ha/LU. In addition, cover crops have been added to the standard in this own-initiative legislative proposal, which not only promotes cooperation and the closing of cycles, but makes the standard even more feasible for many livestock farmers. In order to work towards a situation in which dairy farming in the AMS remains economically profitable and meets the ecological preconditions, there is a gradual build-up to the grassland and cover crops standard of 0.35 ha/LU in 2034. This will enable the sector to comply with European regulations on a structural basis, without jeopardising food security or the vitality of rural areas. The standard will be introduced in phases, giving businesses time to make adjustments to land use and company structure. This prevents uncontrolled contraction and also gives less financially strong businesses the opportunity to move with the times.

– 2028: 0.20 ha/LU
– 2030: 0.25 ha/LU
– 2032: 0.30 ha/LU
– 2034: 0.35 ha/LU

Based on research by the PBL, [20] it can be substantiated that in areas with a high agricultural intensity, similar to the AMS, clear ecological guardrails are needed to limit the impact of livestock farming on nature and water. The proposed grassland and cover crop standard of 0.35 hectares per LU plays an important role in this as it limits the number of livestock in relation to the available land and thus contributes to a more stable ecological balance.

In the periodic review of the Fertilisers Act in 2030, it is relevant to consider whether the land-based farming standards proposed by the promoters can be a robust alternative to the phosphate rights system. The introduction of a grassland and cover crop standard linked to livestock units creates a new control mechanism that could potentially replace the current phosphate rights system. Whereas the phosphate rights system indirectly limits production via the amount of phosphate, the grassland and cover crop standard directly balances environmental pressure with the available land area. This makes the grassland and cover crops standard an alternative to the phosphate rights system, which could potentially replace this system based on analyses in future evaluations.

4.5.1 Cooperation between arable farmers and dairy farmers

Cooperation between livestock farmers and arable farmers is essential for the realisation of land-based farming. A well-functioning land-based agriculture requires closed regional cycles, where manure from livestock farms serves as a source of feed for arable crops, and arable farming can in turn supply feed crops to livestock farmers. Structural cooperation leads to more efficient use of nutrients, less dependence on artificial fertilisers and less risk of manure surpluses. By exchanging knowledge and soil, both sectors can respond to local conditions and contribute to more sustainable soil fertility. Encouraging voluntary, equivalent cooperation between livestock farmers and arable farmers therefore not only contributes to environmental goals such as cleaner water and less nitrogen emissions, but also strengthens the economic and environmental resilience of Dutch agriculture in the long term.

In this legislative proposal, therefore, resting crops within a radius of 50 kilometres from the farm count towards the grassland standard. The extension of the grassland standard to rest and catch crops is primarily intended to encourage cooperation between arable farmers and dairy farmers. This expansion supports dairy farmers in achieving and maintaining the grassland standard, while at the same time strengthening crop rotation and soil quality within arable farming. It also offers opportunities for land exchange and joint cultivation planning, which improves the regional closure of fertiliser and nutrient cycles and strengthens the agricultural structure. And it offers farmers alternatives in areas where grass is growing less and less due to increasing drought and salinisation problems.

[20] PBL, Landbouw en natuurverkenning, 2025 (Agriculture and Nature Exploration, 2025).

The list of cover crops eligible for this extension will be determined by lower regulation. In doing so, initiators propose to draw on the list of both the CAP and the list of the 7th Nitrates Directive Action Programme. Two criteria are taken into account for the cover crops. The first is that the crops make a demonstrable contribution to the objectives of sustainable agriculture and soil improvement, for example by reducing the use of plant protection products. The second criterion is that the crops have a clear relationship with dairy farming, because they are used as feed for the dairy farmer's cows. For example, cover crops can be used for soil and ecosystem management, while at the same time increasing the production of own feed for livestock farming.

This collaboration between arable farmers and dairy farmers may take place within a radius of 50 kilometres. The choice of this stream is based on practical considerations. In agricultural practice, a distance of 50 km still applies as a reasonable ‘tractor distance’: the dairy farmer can drive to the plots concerned with his own equipment for fertiliser application. Manure from own farm must be used on these parcels. This distance refers to actual, sustainable cooperation in the business operations. At greater distances, this becomes less realistic and the regional character that is essential for land-based dairy farming disappears. Furthermore, 50 km offers ample opportunities for collaboration between companies on different soil types: consider the peat meadows of the Alblasserwaard and Krimpenerwaard and the sea clay of the Hoeksche Waard. For the reasons mentioned above, manure disposal within 50 km can be taken into account for the grassland and cover crop standard, but not beyond that.

In the proposed third paragraph of Article 21 of the Fertilisers Act [Meststoffenwet] provides a basis for delegation pursuant to which more detailed rules may be laid down in or by virtue of a ministerial regulation with respect to the cooperation agreements, and rules shall be laid down for the preparation, storage and provision of the cooperation agreements. This basis makes it possible, among other things, to determine at a lower regulatory level which requirements cooperation agreements must meet. When developing (further) rules, existing implementation practices and registration systems will be taken into account where possible, so that the administrative burden on businesses is kept to a minimum.

4.6 Social Agriculture

The starting point for this legislative proposal is clear. Farmers must be able to continue to do business, and at the same time we must achieve our nature and environmental goals. This requires agriculture that not only produces food, but also contributes to a liveable countryside, clean water, biodiversity and an attractive landscape. Social farming fits perfectly into this outlook. It prevents farmers from getting stuck between increasingly stricter rules and a tight revenue model. By placing a financial value on social performance, it becomes possible to work more extensively without it becoming economically unviable. This provides breathing space, stability and prospects for the future. It is also a way to connect agriculture with other social interests and to maintain support for public investments in the sector.

Social farming thus offers a solution to issues that both society as a whole and farmers in particular are struggling with. By paying farmers

not only for food production, but also for their contribution to nature, landscape, water management, climate and quality of life, the revenue model becomes broader and more robust. As a result, many ‘headache dossiers’ are addressed in a single movement.

Social Agricultural Areas are areas where the interweaving of functions, such as agriculture, nature, recreation and water management, is desirable or even necessary. Some examples here would be transitional zones or dry sandy soils around Natura 2000 sites (Veluwe/de Peel), parts of peat meadow areas, brooks, sandy soils with limited carrying capacity or other areas with specific environmental or nature conservation objectives. In areas where agriculture and nature come together, we want to pay farmers for their role as landscape managers.

The aim is to give greater priority to the protection, development and restoration of nature and the environment in these areas by setting a standard of 1.5 LU/ha for dairy cattle by 2034 at the latest. And farmers who work more extensively should also pay for the performance that is being delivered. Within the Agricultural Nature and Landscape Management (ANLb) programme, ‘extensive grazing grassland’ is a management package for grassland, whereby the livestock density is limited to a maximum of 1.5 livestock units (LU) per hectare. This is beneficial for grazing birds and other biodiversity. With 1.5 LU/ha, a farmer can close the cycle on his own farm as much as possible without having to remove manure, and all manure can be processed on his own farm.

For specifically peat meadow areas intended as SA areas, an exception to the LU standard applies. In these areas, a stricter grassland standard of 0.5 hectares per LU is applied instead of the LU standard of 1.5. The use of an increased grassland standard instead of a LU standard is practical and effective in these areas, because the primary task here is for water management, soil protection, the achievement of the goals of the Water and Climate Framework Directive. In these areas, the emphasis is not on reducing nitrogen or lowering livestock intensity to improve ecosystem services, but on structurally preserving grassland to safeguard water quality and combat soil subsidence. For the purposes of the remainder of this section, when reference is made to SA areas, this exception may be taken into account in the peat meadow areas designated as SA areas. This exception can only apply to the peat meadow areas in the provinces of Friesland, North Holland, South Holland and Utrecht.

Farmers in the Social Agricultural Areas have a number of options:

1. Farmers will immediately switch to a maximum of 1.5 LU/ha and will receive a payment of €1,000-€2,500 ha/year for the social services they provide for each year they do so. The amount of the fee depends on packages to be determined by the province. The proposed legislation thus aims to achieve a structural payment for efforts undertaken by farmers, other than food production alone. The possible bases and modalities of payments are explained in Chapter 9.
2. Farmers apply the grassland and cover crops standard, as used within the Agricultural Main Structure. Farmers will then not receive an annual social payment. From 2034 onwards, the standard of 1.5 LU/ha will apply in the SA areas, meaning that farmers can be paid for their performance.
3. Farmers choose to relocate to another area, falling within the

Agricultural Main Structure, with the help of the province.

4. Farmers choose to convert part of their land into nature areas, with the cooperation of the province and/or a Land Management Organisation. The land in question remains under the management of the farmer, and the land may be written down.
5. Farmers choose to make use of a termination scheme whenever possible.

4.6.1 Activities in SA areas

In social farming areas, activities are carried out that combine agricultural production with nature conservation, biodiversity restoration and social added value. There are already many frontrunners who have made great strides in this. To recognise these frontrunners, social agricultural activities include extensive livestock farming, organic farming, nature-inclusive agriculture and agricultural nature management.

In these areas, the emphasis is not only on food production, but also on restoring the balance between agriculture, nature, landscape and recreation. Activities in these areas focus on circular agriculture, a low environmental footprint, animal-friendly livestock farming and the provision of ecosystem services such as clean water, carbon sequestration and grazing. In this way, social agricultural areas contribute to reducing nitrogen emissions, improving soil and water quality, and strengthening the living environment for people and nature.

Within the Social Agriculture (SA) areas, there is a greater focus on limiting the number of livestock units per hectare, and the proposal thus addresses a more extensive form of agriculture in these areas. Extensive dairy farming, due to a lower environmental pressure, already contributes positively to the regional challenges in the rural area. Services such as contributing to landscape management, biodiversity and climate adaptation require different sources of income for the entrepreneur than only the sale of food products. Due to extensive dairy farming, dairy farms in SA areas are well placed to contribute to biodiversity, carbon sequestration, climate adaptation, the prevention of peat oxidation and landscape management. This could include, for example, remuneration packages from the province that can also be combined with remuneration from agricultural nature and landscape management (ANLb packages) and sustainability programmes from chain parties. Target values for critical performance indicators (KPIs), which are used in target guidance, may differ by area. The target values may depend on regional considerations regarding the importance of issues such as biodiversity, green-blue infrastructure, water quality and landscape.

4.6.2 Designation of SA areas

As long as an area is not designated as an SA area, the rules of the AMS apply here. Upon implementation of this legislative proposal, all agricultural land will automatically be designated as AMS. It is up to the provinces, in consultation with farmers and the local community, to determine which areas within their boundaries fall under Social Agriculture. The basic principle is that the designation and completion of the SA areas is a bottom-up process, with provinces, agricultural collectives, nature organisations, and other local parties, including BoerenNatuur, playing a central role. In practice, this means that the province, in consultation with the aforementioned parties, determines which packages of measures are most appropriate within a given area, taking into account local conditions, soil types and ecological objectives. The precise design of these processes is determined in subordinate legislation. The initiators do provide a preliminary outline of what such a process might look like.

‘A bottom-up area or participation process for designating social agricultural areas could take the form of an open, regionally supported process in which farmers, citizens, nature organisations and local authorities jointly determine which land is best suited for social functions such as nature conservation, food production and water storage. The process starts in regional food landscapes or field labs where existing initiatives, such as regional food networks or ANLb collectives, act as drivers. In work sessions and workshops, stakeholders design area visions together, with space for local knowledge, social values and economic feasibility. Provinces and municipalities facilitate this by providing planning and financial frameworks, but the priorities come from the area itself. This gradually results in a supported allocation of social agricultural areas that is in line with local landscapes, residents and farmers in conversion. A prerequisite for this is that long-term financing is available for farmers in SA areas. As long as the province cannot guarantee this, farmers cannot be held to the proposed LU standard for SA areas.’

At the same time, it is important that the government sets clear and uniform frameworks. These frameworks must give direction to the provincial elaboration in advance, so that there is national consistency in objectives, implementation conditions and payment system. In the further development of the scheme, attention will also need to be paid to the implementing organisations that will be responsible for implementing and monitoring the area-specific measures. It is obvious that this is in line with existing structures, such as the agricultural collectives that have experience in the management of agricultural nature and landscape management.

The use of the instruments provided by the Environment Act offers a legal and administrative framework to safeguard this process. Through instruction regulations, the State can give direction to the provincial elaboration, while leaving room for regional customisation. In this way, the necessary balance is found between area-based flexibility and legal certainty for the parties involved. This enhances both the effectiveness of the measures and the level of support in the areas.

The implementing rules will also need to clarify how to deal with situations where a business is partly located inside and partly outside an SA area. In such cases, the entrepreneur shall be given the opportunity to choose whether the plots concerned are considered as part of the SA area for the purposes of the standard or not. At least one-third of the area must be located in the selected area.

The designation of the SA areas takes place in a bottom-up process with residents. For the purposes of enforceability and feasibility (both for the Netherlands Enterprise Agency and for the provinces), it is desirable to make a (rough) estimate of the number of hectares of SA area.

The Netherlands Environmental Assessment Agency (PBL) has made an ex ante analysis of the NPLG[21] in which the hectares of agricultural land in the 'vulnerable areas' are listed. These are areas that initiators are thinking of that might be eligible for Social Agriculture:

- Within a radius of 500 metres around Natura 2000 areas on land, there are 162,000 hectares of agricultural land, of which 118,000 hectares are in the zone around nitrogen-sensitive Natura 2000 areas. Within a radius of 1 kilometre around nitrogen-sensitive nature areas, there are more than 200,000 hectares of agricultural land.
- In the Climate Agreement (2019), agreements were made with provinces on the reduction of greenhouse gases from peat meadow areas. This includes an area of approximately 90,000 hectares on which measures would take place, distributed between the provinces.
- On sandy soil, approximately 79,000 and 26,700 hectares of agricultural land are located within a distance of 250 and 100 metres respectively on either side to streams.
- The surface area of groundwater protection areas in the Netherlands is approximately 80,000 hectares[22].

The initiators emphasise that this is not a blueprint for the layout. In consultation with farmers and other organisations in the areas, it will be determined which agricultural land will fall under social agriculture. It must be a bottom-up process.

In these areas it is logical and desirable to combine food production with care for nature and our landscape. Farmers not only supply food, but also contribute to maintaining a healthy countryside.

After entry into force of the legislative proposal, the provinces will proceed to designate Social Agricultural Areas. This designation is the result of the bottom-up process described above, in which farmers and other parties in an area consult with each other to jointly determine which areas will or will not be designated as SA areas by the province. The idea of initiators is that it is desirable and, also in view of the envisaged bottom-up process, it is possible for provinces to designate SA areas within one year of the entry into force of the proposed Act.

4.6.3 Payment in SA areas

The State ensures the financial coverage of the payments provided to entrepreneurs within the ML areas, provided that, if they are dairy farmers, they comply with the 1.5 LU/ha standard. In doing so, the theoretical maximum ceiling of the budget can be determined on the basis of the number of hectares and the maximum size of the available measure packets. The question of how this payment and financing can be completed is further discussed in Chapter 9.

The legislative proposal stipulates that this fee is mandatory when an SA area is designated. If this compensation is not paid, farmers may consider taking legal action or take the view that compliance with the standard is unreasonable as long as there is no appropriate

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21 Boezeman et al. (2024), *Ex ante analyse Nationaal Programma Landelijk Gebied: provinciale programma's en rijksmaatregelen*, (*Ex ante analysis of the National Rural Area Programme: provincial programmes and national measures*), PBL, The Hague.

22 Natuur & Milieu (2024) (Nature & Environment (2024)), *Bestrijdingsmiddelen in Nederlandse natuur en water: Schending van Europese verplichtingen* (*Pesticides in Dutch nature and water: Breach of European obligations*), May 2024.

compensation.

By including this fee in the legal text, the government is obliged to arrange financing and the province is obliged to pay it when SA areas are designated.

4.6.4 Other sectors in SA areas

For initiators, it is desirable that the rules set by provinces for SA areas also apply to farmers other than dairy farmers. Although hardly any ammonia is emitted or manure is produced on arable farms, the environmental problem also plays a role here. Water quality in particular is a challenge for arable farmers. In addition, biodiversity is too low on many fields. Within the Social Agricultural Areas, herb-rich fields can form a significant part of the rotation plan, and more intensive cultivation can take place, for example, along the guidelines for organic farming, and should not lead to dehydration or eutrophication of nearby nature areas. These arable farmers should also receive compensation for this.

4.7 Milk production per LU

This bill takes into account the importance of animal welfare in livestock farming and therefore opts for a system in which the number of LU is linked to milk production per cow. In this way, it becomes profitable to direct on a milk production per cow, appropriate to the amount of soil available and the feeding system. This is good for animal welfare, good for the business, and good for public support for dairy farming. The linking of LU to milk production also makes an important contribution to the structural assurance of emission reduction. The Louis Bolk Institute endorses the view that a clear definition of LU per production class is important in order to prevent a standard from resulting in unintended increases in emissions. The higher the milk production per cow, the heavier that cow counts in the calculation of the number of LU. This prevents the ‘breeding up’ of cows and thus makes it economically unattractive to further increase milk production per cow; the incentive to intensify is removed. For farms, the goal will no longer be ‘more litres per cow’, but rather a healthy cow in a healthy system. This contributes to a longer lifespan of animals, fewer health problems, and thus also less replacement pressure within the livestock. Under this system, farmers retain the freedom to run their businesses effectively, but in a way that prioritises the health of their animals and the quality of their soil. This makes it clear that future-proof agriculture is not only a matter of emissions and production, but also of animal welfare and respect for the natural limits of the animal.

By linking milk production per cow to the LU rating within this system, nutrient emissions per animal (such as phosphate and nitrogen) also remain proportionally limited. After all, a cow with a higher milk production has a higher feed intake and therefore a higher manure and phosphate excretion. The standard of 1 LU is set to a milk production of 9,100 kilograms per cow per year, the average milk yield in 2020[23]. As a result, the standard has been extended by 5% compared to the current phosphate rights system, so that it is more in line with the current production form in dairy farming. The growth in the LU valuation per kilogram of milk is then linked to the linear growth that is also used in the current phosphate rights system. In addition, it has

[23] ZuivelNL, *Zuivel in Cijfers 2024*, 2025 (*Dairy in Figures 2024*, 2025).

been chosen to extend this coupling to a higher standard of 15,100 kilograms of milk per cow per year. This is more in line with current practice and at the same time prevents any incentive for further intensification.

The link to milk production is a well-known system in the Fertilisers Act, since the excretion coefficients for dairy cows and calf cows are also related to milk production classes. This therefore also applies to the phosphate excretion coefficients for dairy cows and calf cows which determine the number of phosphate rights that a dairy farmer needs for the fertiliser production (phosphate) of his dairy cattle.

The introduction of a grassland and rest crops standard linked to LU creates a new control mechanism in addition to the phosphate rights system. In principle, the phosphate rights scheme is temporary in nature. Whereas the phosphate rights system indirectly limits production via the amount of phosphate that determines the number of phosphate rights required, the grassland standard directly balances environmental pressure with the available land area. This makes the grassland standard a robust alternative to the phosphate rights system in the long term, making it conceivable that this system could be replaced on the basis of future evaluations.

4.8 Responsible fertiliser disposal

Manure is not a waste product but a very valuable raw material that is indispensable for our food production. Manure returns organic matter, nutrients and soil life to the soil. This is necessary to maintain fertile and healthy agricultural soils. This value only comes to its entitlement if manure is used in a responsible manner. An excess of manure that is disposed of or used irresponsibly leads to pollution of our water, damage to nature reserves and, moreover, a loss of public support for the sector. It is therefore crucial that the amount of manure released on a farm is in balance with the amount of soil available for sustainable use. For example, we make manure disposal a well-organised link in a closed cycle that benefits farmers, nature and society.

With land-based farming, we are working towards closed cycles on farms; transporting manure across the country does not contribute to closed cycles on the farm. Initiators recognise that, due to the considerable pressure on the manure market, it is undesirable and unfeasible to decide overnight that manure can only be disposed of on one's own farm. With this legislative proposal, we are building an intermediate step: regional fertiliser disposal. The Netherlands is divided into three regions. Animal manure (from both dairy farming and other sectors) may only be disposed of in the same region or within a radius of 100 km (as the crow flies) from the farm location, i.e. also in another manure region.
Three manure regions will now apply:

1. North Region (Groningen, Friesland and Drenthe)
2. Central Region (Overijssel, Gelderland, Utrecht, Flevoland, Noord-Holland and Zuid-Holland, with the exception of the municipality of Goeree-Overflakkee[24])
3. Southern Region (Limburg, North Brabant, Zeeland, and the municipality of Goeree-Overflakkee).

[24] Goeree Overflakkee falls under the Southern region because there is a lot of arable farming on this island that depends on manure production in North Brabant/Limburg.

The purpose of this line in the legislative proposal is twofold. The legislative proposal is first and foremost intended to reduce the number of manure transports.[25] The aim is to produce and sell manure within the capacity of the farm's own land and region. For example, we keep nutrients in the area, limit environmental damage, and make agriculture less dependent on expensive and logistically complex marketing chains. This prevents structural surpluses from occurring that have to be transported over long distances. At the same time, cooperation between dairy farmers and arable farmers (feed-manure contract) is maintained. Secondly, these manure regions make livestock farmers less dependent on manure processing and manure disposal outside their own farms. By setting criteria on the distance from domestic manure disposal (distance limit and three manure regions), the bill aims to encourage the manure market to become more transparent for farmers and manure to be transported over shorter distances. This creates a much smaller role for manure intermediaries.

With regard to the distance limit, the aim is to carry out an evaluation in 2030 to review what is necessary for responsible manure disposal, with the long-term objective of achieving circular agriculture. In this periodic review of the Fertilisers Act, it is important that attention is paid to the functioning of the 100 kilometres and the regional border in 2030. Partly compared to the developments of RENURE.

4.8.1 Exceptions to the distance limit and transport region

In the consultation it was found that the distance limit and transport region are considered too restrictive for a number of sectors. The initiators recognise the extent of the restriction, particularly for sectors or manure disposal that the initiators consider desirable, such as the organic sector, the processing of manure into RENURE, for example, or the export of manure. It has therefore been decided to include a number of exceptions, which are explained in more detail below.

The initiators consider it desirable for the organic sector to be able to transport manure further than 100 km from the farm where it was produced or the transport region, because this manure is used within a completely closed and controlled cycle. Organic manure is a valuable raw material used on agricultural land for organic farming, in accordance with Regulation (EU) 2018/848[26]. Furthermore, there is no manure surplus in organic farming: livestock farmers and arable farmers already work closely together to use manure locally and responsibly. A distance restriction would unnecessarily distort this cooperation, lead to manure shortages in some regions and impede the further growth of the organic sector.

An exception is also introduced for manure that goes to an approved processing plant, because these transports do not lead to direct manure disposal, but to the processing and sustainability of manure flows. Manure processing converts raw manure into high-quality, low-emission manure products that can replace artificial fertilisers and thus

[25] In 2023, there were approximately 1 million manure transports based on RVO in 2025: Overview transport manure transports Q1 to Q4 2024.

[26] Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council Regulation (EC) No 834/2007 (OJEU 2018, L 150).

contribute to climate and water quality objectives. A strict distance restriction would block supply to processors, under-utilise existing installations and, on the contrary, encourage more regional exit – the opposite of what the legislative proposal aims to achieve. Therefore, a processing exemption with chain assurance, contractual obligations and emissions reporting is justified and necessary for an effective circular manure chain. In this way, the initiators also encourage the further development of RENURE. This is urgently needed in order to achieve a manure balance in the Netherlands in[27] the long term.

According to the Fertilizers Act, exports also fall under the definition of manure processing. By including ‘manure processing’ as an exception, there is therefore also enough room for the export of manure. As a result, it is expressly stated that the transport restriction does not constitute an export ban. The export of animal manure therefore remains possible, even if the recipient is located more than 100 kilometres away or outside the transport region of the Dutch company.

There will also be an exception for manure that is transported to a mushroom substrate producer, because this manure is not used as animal fertiliser but as a raw material in an industrial processing chain. Horse and pony manure and chicken manure are used to make compost that serves as a substrate for the cultivation of mushrooms, and are therefore indispensable for the sector. These manure flows are fully incorporated into a controlled process, which means there is no risk of manure surpluses or emissions to the environment. A distance restriction would limit or even make impossible the supply of suitable manure, complicate the production of mushroom substrates and thus place the entire Dutch mushroom sector at a disadvantage. For this reason, transport of animal fertilisers is excluded for this purpose.

4.8.2 Impact assessment distance limit and transport regions

An analysis by Schuttelaar & Partners[28] shows that, if the proposed regional division (North, Central and South) is implemented, the manure market in the Netherlands will be largely in balance by 2034. In the baseline scenario, which takes into account the current production capacity of RENURE and the fact that the poultry manure produced in the Netherlands is largely processed and exported, there is no structural shortage of manure in any of the three regions. On the contrary, even in this situation, all regions still show a clear fertiliser surplus.
There is a residual national surplus of approximately 34 million kilograms of nitrogen (N), of which +4 million kg of N in the North Region, +16 million kg of N in the Central Region and +14 million kg of N in the South Region.

These results confirm that the introduction of the three manure regions can structurally balance manure disposal within the Netherlands, without causing any shortages in the regional cycles. Only in scenarios

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[27] Schuttelaar & Partners, *Regionale mestbalans in Nederland 2034: analyse van mestproductie, plaatsingsruimte en toepassing van RENURE*, 2025. *(Regional fertiliser balance in the Netherlands 2034: analysis of fertiliser production, placement capacity and application of RENURE*, 2025.)

[28] Schuttelaar & Partners, *Regionale mestbalans in Nederland 2034: analyse van mestproductie, plaatsingsruimte en toepassing van RENURE*, 2025. ((*Regional fertiliser balance in the Netherlands 2034: analysis of fertiliser production, placement capacity and application of RENURE*, 2025.)

where between 80 and 100 per cent of the theoretical RENURE capacity is utilised does the picture shift to a slight manure shortage.

5. European aspects

5.1 Relation to the Nitrates Directive and the Water Framework Directive

As explained in Chapter 2, the (addendum to the) 7th action programme on nitrates, which must be drawn up on the basis of the provisions of Article 5 of the Nitrates Directive, has already announced that dairy farming must become land-based within ten years. This ten-year period ends in 2032. To date, this part of the 7th Action Programme has not been implemented. This legislative proposal gives substance to the development of land-based dairy farming. The measures in an action programme, including the provision of land-based dairy farming, contribute to the reduction or prevention of water pollution caused or induced by nitrates from agricultural sources, the objective of the Nitrates Directive. By making dairy farming land-based, the production of manure on these farms will be brought more into balance with the space available for storing this manure on the farm or in the region. Furthermore, by requiring that a specified area of grass or other catch crops be available, this will improve soil and surface water quality, as these crops are less susceptible to leaching. This legislative proposal therefore contributes to the objectives of the Nitrates Directive, and thus also to the achievement of the objectives of the Water Framework Directive. The possibility of entering into cooperation agreements with other companies also encourages the efficient and regional use of animal manure. This should ease the manure market and lead to the optimal utilisation of manure as a valuable raw material.

5.2 Regulation of ownership

Article 1 of the first protocol of the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR) protects the right to property. Article 17 of the Charter of Fundamental Rights of the European Union offers comparable protection. Article 1 of the first protocol to the ECHR stipulates that every natural or legal person is entitled to the peaceful enjoyment of their property. The State may only infringe upon this right in the public interest and subject to the conditions provided for by law and in accordance with the general principles of international law. There must also be a fair balance between the public interest and the interests of the individual or entrepreneur affected by the interference with their property rights. Interference with property rights may take place by expropriation, under conditions regulated by law and by regulation. In the event of deprivation of property, the basic principle is that the full amount of the damage must be compensated. When ownership is regulated, that principle does not apply. Only in cases where the regulation is disproportionate or results in an individual and excessive burden can that be different.

5.2.1 Interference with property rights

As a result of this legislative proposal, assets such as land, structures, dairy cattle and machinery are not removed. There is therefore no question of expropriation. This legislative proposal restricts a dairy farmer from enjoying the ownership of his holding, by making the

keeping of dairy cattle subject to the condition that a certain area of grassland or other rest crops (grassland and rest crops standard) or agricultural land (LU standard) must be available for this purpose. The farmer may comply with this standard by acquiring agricultural land, by entering into a cooperation agreement or by keeping less dairy cattle. The number of head of dairy cattle that can be kept on a farm is therefore limited by the number of available hectares. If it is not possible to comply with this standard in the current environment of his business, a dairy farmer can look forward to the possibility of continuing his business at another location, although the initiators acknowledge that this is not an easy solution. A stricter LU standard will apply in social agricultural areas, meaning that dairy farmers in such areas will be allowed to keep fewer cattle.

In order to determine whether a measure complies with the conditions set out in Article 1 of the First Protocol to the ECHR regarding the regulation of property, it must be examined whether the interference is lawful; the national legal basis must be sufficiently accessible, precise and foreseeable, and the interference must not be contrary to the principles of the rule of law. The interference must also take place in the public interest and be proportionate.
The condition of legality is met because the grassland standard is included in the Fertilisers Act. For the LU standard that will apply in socially important agricultural areas designated by provinces, the legal basis will be included in the Environment Act. These provisions are sufficiently accessible, precise and predictable. The justification for any other restrictions on farmers' property rights that provinces may impose in social agricultural areas must be substantiated by the provinces at the time if they decide to do so.

The legitimacy of interference with property rights means that such interference may only take place when it serves a public interest and therefore a legitimate purpose. The present legislative proposal serves the public interest in the protection of the environment and, more specifically, the protection of water quality as set out in Chapter 8. The proposal also aims to contribute to achieving a better balance in the manure market by optimising the use of animal manure and bringing manure production more into line with the available application space. In this way, too, the legislative proposal contributes to improving water quality.

In order to ascertain whether the regulation of property rights is proportionate, it is necessary to examine whether this bill represents a fair and balanced result, a fair balance, between the public interest and the interests of the individual affected by the interference in their property rights. One important aspect of this assessment is the foreseeability. This refers to whether the measure is in line with expectations, even though there was no concrete indication of the extent, location or timing of the development. When answering the question of whether a measure was foreseeable, all relevant statements made by the government must be taken into account in the assessment, but facts and circumstances that were otherwise known to everyone may also be taken into consideration. In general, companies should take into account that government policy may change and that this may have consequences for their business operations.

As outlined in the introduction and in Chapter 2, land-based dairy farming has been a topic of discussion for some time in the context of

manure policy. The 7e action programme for the Nitrates Directive and its addendum set out the principle that dairy farming and cattle farming (suckler cows and grazing cows) should become land-based within ten years, i.e. by 2032. A grassland standard as an expression of land-based farming, and part of the present bill, was therefore foreseeable for dairy farms. Such a measure has also been discussed for a long time in the context of the envisaged but ultimately not concluded Agriculture Agreement (2022/2023). Various court rulings on nitrogen and the awareness of (European) nature and water protection objectives also ensure that it is foreseeable in certain areas that additional measures are taken there, in addition to a general standard for land-based farming. With the designation of social agricultural areas, these measures can be designed in a manner appropriate to the specific area. In view of the circumstances outlined above, it is particularly foreseeable for farms and dairy farms that their property could be regulated in the manner envisaged by this legislative proposal.

The gradual introduction of the standard for a minimum number of hectares of grassland or other resting crops also contributes to predictability. This clarifies the standard that dairy farmers must meet by 2034 and provides an opportunity to work towards this standard for those dairy farmers who do not yet meet it. Chapter 7, Business Effects, provides further substantiation that the impact on business operations is not so great that it would be disproportionate. A generous transition period has also been provided for the stricter standard that will apply in social agricultural areas, so that farmers have sufficient time to anticipate this standard and make choices about the future of their businesses.

In areas designated as social agricultural areas, additional restrictions apply which in certain cases make profitable business operations impossible, even though it is desirable for farmers to remain active in those areas. To compensate farmers in these areas, targeted payments will be made within the existing support frameworks. The amount of the financial contribution farmers may receive in these areas will depend on the nature and extent of the specific restrictions laid down by the provinces in the Environmental Regulation. The origin of this financial compensation given is not the restriction of the property rights of the dairy farmer, but in the performance of agriculture in areas in which this cannot be done in a cost-effective manner and in the performance of agriculture in a manner consistent with the characteristics of the area (‘social services’), and thus has a different basis than if compensation were based on the interference in the property right.

The restriction on the distance over which animal manure may be transported does not, as such, constitute an interference with property rights, but even if that were not the case, this provision complies with the requirements applicable to the regulation of property. The inclusion of this standard in the Fertilisers Act complies with the principle of legality, serves the public interest by contributing to land-based farming through responsible manure disposal within a specified distance from the farm where the animal manure is produced, and strikes a fair balance by allowing sufficient scope for the enjoyment of property rights.

5.2.2 Individual hardship cases

As explained above, the interference with property rights provided for in this legislative proposal is justified. Nevertheless, it cannot be ruled out that a specific farmer may be faced with an individual and disproportionate burden as a result of this scheme due to the aforementioned interference with property rights. In such cases, it must be possible to provide individualised solutions for the farmer concerned.

If the standard laid down in Article 21 of the Fertilisers Act, which provides that the dairy farmer must have a minimum number of hectares of grassland or other rest crops per LU, results in an individual disproportionate burden, the general power provided for in Article 38 of the Fertilisers Act may be used to grant an exemption from the provisions laid down by or pursuant to the Fertilisers Act (grassland standard derogation). On the basis of that article, customisation can therefore be provided if Article 1 of the First Protocol of the ECHR so requires.
The designation of social agricultural areas and the rules applicable in those areas are governed by the Environmental Regulation; section 15.1 of the Environmental Act contains a provision that may provide for compensation for damage in such cases.

5.3 State aid and technical regulations

It follows from Article 3(3) of the Treaty on European Union (TEU) that one of the main objectives of the European Union is the creation of an internal market aimed at the sustainable development of Europe on the basis of balanced economic growth and price stability, a highly competitive social market economy aiming at full employment and social progress and a high level of protection and improvement of the quality of the environment. The internal market comprises an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaties (Article 26(2) of the Treaty on the Functioning of the European Union (TFEU)).

5.3.1 State aid

In the social agricultural areas to be designated under Article 2.31b, certain restrictions apply to ensure that agriculture in this area is less harmful to the environment and nature. The legislative proposal stipulates that it is regulated by or pursuant to a general administrative order that farmers in the social agricultural areas can receive a financial contribution per hectare due to the fact that less intensive and therefore profitable agriculture is possible in these agricultural areas than agricultural areas of the AMS and that farmers in these areas provide a social service in the form of nature management in these areas. The remuneration may vary depending on what is necessary in the specific social agricultural area and what activities the farmer carries out there. When granting aid to individual companies, consideration must be given to how this could fit within the applicable EU frameworks for state aid or services of general economic interest (SGEI).

The state aid frameworks that may be relevant here are the Strategic Plan Regulation (SP Regulation)[29], in particular Articles 71 and 72 which

[29] Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by

provide a framework for support in specific areas where restrictions apply. In addition, fees based on the Agricultural Exemption Regulation would be[30] a possibility. Section 2 of this Regulation provides for the possibility to allocate amounts for nature protection measures and the possibility to enter into agri-environment-climate commitments. Many of these support provisions are subject to the condition that they must involve measures that go beyond the requirements of the law, which means that attention must be paid to the relationship with the rules as they are ultimately included in an environmental regulation. It may also be examined whether the holding of agriculture or the performance of certain activities in social agricultural areas may be designated as services of general economic interest (SGEI) for the purpose of compensation for which aid may be granted.

When designing the scheme to compensate farmers for their activities in social farming areas, which will be drawn up in compliance with the applicable EU frameworks, the EU and State aid aspects of this scheme will be addressed in greater detail, as they depend on their further elaboration.

5.3.2 Notification of technical regulations

This legislative proposal contains provisions which, indirectly or otherwise, are related to the size of the dairy cattle population. The provisions must be regarded as technical regulations in the sense of Directive (EU) 2015/1535 of the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services (codification (OJ EU 2015, L 241)). The legislative proposal will therefore be notified to the European Commission within the framework of the aforementioned Directive.

6. Supporting policy

6.1 Renure

An important part of the Land-based Farming and Responsible Manure Disposal Bill is RENURE (REcovered Nitrogen from manURE), a nitrogen-containing fertiliser extracted from animal manure that is comparable to artificial fertiliser in terms of its effect. In September 2025, the Nitrates Committee agreed to the application of RENURE ([31]); formal approval by the European Parliament and the Council is still pending. Meanwhile, the Netherlands is preparing for implementation, with the Ministry of LVVN cooperating with the sector. RENURE may, subject to conditions, be applied in addition to the current application standard of 170 kg N/ha from animal manure, up to a maximum of 80 kg of additional nitrogen per hectare. It is expected that requirements will apply to hygienisation and nitrogen concentration, and that production via reverse osmosis or stripping-scrubbing will

Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013.

30 Commission Regulation (EU) 2022/2472 of 14 December 2022 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union.

31 Parliamentary Papers II 2025/26, 22 112, No 4176, Result of Nitrate Committee vote on RENURE proposal, 19 September 2025.

become the standard.

Research by Wageningen UR shows that RENURE offers the same nitrogen utilisation as artificial fertiliser, with less nitrate leaching and lower ammonia emissions (10–15 kg/ha reduction). This can contribute to nitrogen goals and to reduction of fertiliser use[32].
The introduction of RENURE can relieve the pressure on the manure market by enabling better utilisation of nitrogen surpluses regionally and reducing the need for disposal of manure. However, production capacity remains limited and investments in installations are costly, which will require time for large-scale application. For livestock farmers, RENURE offers more flexibility and recycling options, but it does not constitute a complete solution to the large shortage of disposal options for fertilisers.

6.2 Extensification measures

In recent years, there has been a clear trend towards extensification of livestock farming in the Netherlands. This development is taking place along two main lines: through a reduction in production rights and through the promotion of nature-inclusive and ecologically responsible business practices.

On the one hand, extensification is taking place through targeted reduction of livestock numbers. This is achieved through two schemes that focus on voluntary termination or reduction of production capacity[33]. The National Livestock Farming Termination Schemes (LBV and LBV-Plus) offer livestock farmers the opportunity to voluntarily terminate their business in exchange for financial compensation. These regulations focus on structural nitrogen reduction, in particular in congested areas near Natura 2000 sites. In addition, the capping of phosphate rights[34] contributes to a permanent reduction in the dairy herd. By skimming off 30% of the rights upon transfer, further intensification is structurally prevented.

On the other hand, extensification is promoted through subsidies and incentive schemes that support nature-inclusive farming practices. These measures lead to less intensive farming practices and enhance the ecological quality of agricultural areas. The extensification scheme encourages dairy farmers in transition areas around Natura 2000 sites to work together towards less intensive farming practices, including reducing nitrogen excretion per hectare and limiting the use of artificial fertilisers.

The CAP Eco-scheme[35] provides financial incentives for voluntary eco-activities, such as the creation of herb-rich grasslands, buffer strips and green cover. The Subsidy for the Preservation of Grassland[36] supports companies that are allowed to apply less manure due to the

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[32] Effect of use of mineral concentrate on nitrate leaching: exploratory study in the framework of Mineral Concentrate Pilot, Wageningen UR, 2014.

[33] Parliamentary Papers II 2025/26, 28 973, no. 282, Status of the subsidy scheme for extensification of dairy farming and voluntary termination scheme for livestock farming locations, 19 September 2025.

[34] Parliamentary Papers II 2023/24, 33 037, No 559, Letter to Parliament on the approach to the fertiliser market, 13 September 2024.

[35] Parliamentary documents II 2024/25, 28 625, No 373, Combined Declaration 2025, Eco-scheme and CAP tariffs, 26 February 2025.

[36] Parliamentary Papers II 2022/23, 33 037, no. 490, Response to the committee's request for further details on the subsidy scheme ‘Subsidy for grassland conservation’, 24 February 2023.

reduction of the derogation, so that existing grassland is preserved even without a derogation. Finally, the Agricultural Nature and Landscape Management (ANLb) stimulates collective forms of agricultural nature management, such as herbal rich grasslands, nature-friendly banks and wood wall management, enhancing both biodiversity and landscape quality.

The legislative proposal is closely in line with this trend and the continuation of this policy is therefore highly desirable. The legislative proposal lays down a structure and framework for extensification, while at the same time providing continuity with existing arrangements. Some schemes, such as the ANLb and the Eco scheme, can be partly taken over or restructured, while others, such as the permanent grassland scheme and buy-out schemes, can be used to address specific bottlenecks, in particular in dairy farms in the SA areas. The legislative proposal thus strengthens the effects of existing measures and provides an integrated framework for future extensification. It is beyond the scope of this own initiative legislative proposal to redesign the entire financing system for farmers. It is desirable for initiators that the regulations below are brought into line with the bill and either merged or remain separate.

Financial overview of existing arrangements (2025):

Regulation	Goal / measure	Subsidy	Total budget
Extension scheme	Reduction of nitrogen excretion by animals, cooperation	€1,680 – €2,430/hectare per year	€160 million
CAP – Eco-scheme	Eco-activities, nature protection	€60 – €200/ha	€152 million
Conservation of grassland	Grassland maintained, extensive management	€50/10 kg N reduction (€250/ha at 50 kg N)	€160 million
ANLb	Nature and landscape management	Depending on the management package, several hundred to several thousand euros per hectare	€230 million
LBV/LBV-Plus	Termination of livestock farming sites	Depending on s and business size	LBV €1,102,000,000 LBV-Plus €1,820,000,000.
Skimming phosphate rights	Reduce intensity through skimming	Not directly per hectare, but reduction in animal rights	n/a

6.3 Land policy

Effective land policy is necessary for the transition of rural areas. After all, soil is the physical prerequisite for circular agriculture and largely determines whether farmers can achieve social goals in the areas of water quality, biodiversity and climate. Without sufficient available, affordable and accessible agricultural land, land-based farming risks remaining a theoretical framework rather than a viable policy instrument.

There is currently significant pressure on agricultural land due to competing demands from housing development, energy generation and nature conservation. This calls for a strong supporting policy that takes an integrated approach to the spatial planning of the rural area. A robust spatial vision should structurally anchor agriculture in the spatial domain, with sufficient space for production, land exchange and expansion within ecological limits. This requires the government to play an active role in monitoring the balance between public objectives and agricultural use.

Good land policy must focus on three pillars. Firstly, land availability is essential. Farmers should maintain access to fertile agricultural land, including through active land management, reparcelling and the promotion of long-term leases that pay for investments in soil quality. Secondly, land dynamics require instruments that combat land speculation and promote the reuse of agricultural land, for example through a public land fund or preferential rights for agricultural use in zones with an agricultural function. Thirdly, spatial consistency is needed: the allocation of functions in rural areas must be predictable and coherent, so that farmers can anticipate policy and investment decisions.

A robust land policy not only supports the implementation of land-based farming, but also prevents negative side effects such as the

displacement of young farmers or intensification in areas with limited space. It contributes to a balanced distribution of agricultural activities, the preservation of grassland where this is desirable from an ecological and landscape perspective, and strengthens regional cooperation between dairy farming and arable farming. This creates a coherent system in which land-relatedness is not only a norm, but a practical and socially supported foundation for a future-proof agriculture.

7. Impact on businesses

Three studies were used to map out the business effects of land-based farming: 1) a QuickScan by WUR into the various business consequences of a grassland standard of 0.35, 2) a study by WUR into macroeconomic effects for the dairy chain, and finally 3) an analysis by the VLB offices Aaff, Countus and Flynth to provide insight into the specific consequences of this legislative provision for dairy farms.

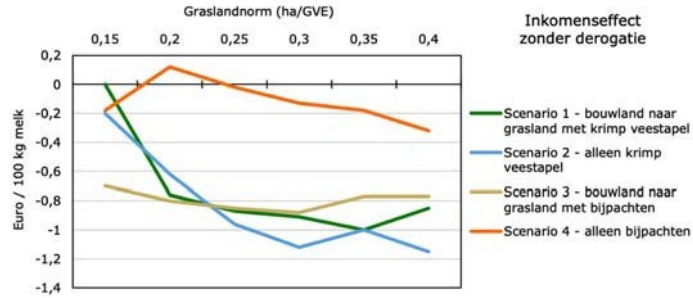
In addition, initiators have been in contact with RVO to test this proposed Act for enforceability. They have carried out an initial analysis (see Chapter 11 above). RVO indicates that it would like to be involved in the implementation from an early stage. Initiators attach great value to the involvement of the RVO, also in order to properly identify and minimise the regulatory burden on businesses (administrative burden and compliance costs).

7.1 De financiële gevolgen voor melkveebedrijven (The financial consequences for dairy farms) (QuickScan WUR)[37]

In this report, Wageningen University & Research (WUR) investigated the possible effects of a grassland standard for dairy farms. The WUR used simple calculations to determine what the economic consequences would be if dairy farmers had to comply with such a standard. They compared different scenarios (such as livestock shrinkage, repurchase of land or conversion from arable land to grassland) and examined this both with and without a derogation. This report by Wageningen University & Research (WUR) was drawn up prior to the creation of this own initiative legislative proposal. For example, this report does not take into account the resting crops that also count as part of the grassland standard and the possibilities for cooperation that this offers up to 50 kilometers.

With a grassland standard of 0.35 hectares per livestock unit (LU) and without derogation, it is estimated that approximately one third of dairy farms will need to take measures to comply with the standard. Because the application standard for manure is lower and manure disposal is more expensive, the economic incentives are shifting. In this situation, the average loss of income is €1–1.2 per 100 kg of milk, which amounts to around €10,000–12,000 per year for an average farm with 100 dairy cows. Reducing livestock and adding up land both lead to a decrease in income, but the differences between these options are smaller than with a derogation. Due to the higher costs for manure disposal and leasing, shrinkage in livestock becomes relatively more attractive.

[37] Oltmer, K. & C. Daatselaar, Verkenning varianten van een graslandnorm (Exploration of variants of a grassland standard), Wageningen Social & Economic Research, 2025 (https://edepot.wur.nl/684935).



Figuur 4.2 *Inkomenseffect op bedrijven die maatregelen moeten nemen door een graslandnorm in euro per 100 kg melk bij oplopende graslandnorm (ha/GVE), situatie zonder derogatie*

Graslandnorm (ha/GVE)	Grassland standard (ha/LU)
Euro / 100 kg melk	Euro/100 kg milk
Inkomenseffect zonder derogatie	Income effect without derogation
Scenario 1 – bouwland naar grasland met krimp veestapel	Scenario 1 – arable land converted to grassland with reduction in livestock numbers
Scenario 2 – alleen krimp veestapel	Scenario 2 – only herd shrinkage
Scenario 3 – bouwland naar grasland met bijpachten	Scenario 3 – arable land converted to grassland with additional leases
Scenario 4 – alleen bijpachten	Scenario 4 – renting only

Figure 4.2. *Income effect on farms that must take measures due to a grassland standard in euros per 100 kg of milk with an increasing grassland standard (ha/LU), situation without derogation*

The figure shows the income effect of different measures that dairy farms can take to comply with a grassland standard, in this case without a derogation. With an increasing standard, the loss of income generally increases.

With a grassland standard of 0.35 ha/LU, the average loss of income is between €0.8 and €1.0 per 100 kg of milk, depending on the scenario chosen. The loss is greatest with herd contraction (scenario 2, blue line) and smallest with only pasture topping (scenario 4, orange line).

Leasing grassland therefore appears to be the most economically advantageous option, while reducing livestock numbers has the most severe impact on income. This confirms that farms with limited land experience a faster loss of income with stricter standards, especially when land extensions are difficult or expensive.

7.2 Economic impact of the grassland standard on the dairy chain

According to research by Wageningen University & Research (Appendix 2), the introduction of a grassland standard is expected to have limited macroeconomic effects on the dairy chain[38]. On the other hand, it may have an impact on a small percentage of individual farms at the farm level.

Analysis of the Dutch dairy chain shows that a standard of 0.35–0.4 hectares of grassland per LU, which is gradually introduced, has little effect on the overall milk supply or the competitiveness of the sector. Milk production mainly follows the existing trends of phosphate rights, buy-out schemes and a gradually decreasing herd. For most dairy farmers, the production and income position remains stable, as an average of around 0.38 hectares of grassland per LU is already achieved.

Only a small group of companies (around 1%) will have to make adjustments to comply with the standard. For these farms, income may

[38] WUR, Effecten van een graslandnorm op de Nederlandse zuivelketen, 2025 (Effects of a grassland standard on the Dutch dairy chain, 2025).

temporarily decrease by 10–30%, mainly due to conversion of arable land into grassland. Therefore, transitional measures are provided within this legislative proposal to help these companies achieve the transition in phases. The legislative proposal also provides additional space for dairy farmers by counting cover crops in the grassland standard.

The standards included in this legislative proposal provide a verifiable framework for dairy farmers. Compliance with the standard is calculated on the basis of data that dairy farmers are already required to provide under existing legislation. This will avoid increasing the administrative burden.

7.3 Business economic effects of this legislative proposal calculated by accountants

The Association of Accountants and Tax Advisory Offices (VVB) – consisting of Aaff, Countus and Flynth – has carried out a calculation (see Annex 3) of the effects of the proposed Act on dairy farms. This analysis shows that, when the first grassland standard is introduced in 2028 (0.20 hectares per LU), the vast majority of dairy farms will be able to comply with the standard without significant adaptation: 96% of companies already comply with the start-up standard. As the standard rises to 0.35 hectares of grassland per LU in the period up to 2034, this share will decrease according to VLB. In that calculation, VLB did not take into account the possibility of counting cover crops in the grassland standard. Because of this measure, initiators are assuming that the number of companies for which it will be difficult to comply with this standard will be limited.

The differences between companies are strongly related to the size, intensity and milk production level per cow. Smaller farms (up to 100 dairy cows) can in most cases comply with the standard with limited changes to their building plans. Larger farms (over 150 dairy cows) generally have higher milk production per hectare and a smaller proportion of grassland, which means they are more likely to run into difficulties. Within this group, up to three quarters of companies do not meet the final standard without additional measures.

The VLB has also calculated what the maximum milk production per hectare can be at the different milk production levels per cow. This shows that the strong economic incentive to further 'fatten up' cows is disappearing: with higher milk production per cow, that cow counts more heavily in the number of livestock units (LU). However, there remains a slight positive effect on operating profit with a moderate increase in milk production, but the incentive to intensify production is substantially reduced. This supports the objective of the legislative proposal to steer towards a balance between animal, land and fertiliser placement capacity.

For farms in the Agricultural Main Structure (AMS) – where the grassland cover crop standard applies – the conclusion is that most farms can meet the standard, provided they make some adjustments to their cultivation plan and take a critical look at the size of their young stock herd. For the group of companies that produce very intensively and have little land, restructuring or cooperation with arable farmers will be necessary.

The milk price is currently showing a downward trend, while manure

disposal costs are expected to rise sharply in the coming year. The initiators expect the manure disposal problem to increase further in 2026 and 2027, partly due to the phasing out of the derogation. These two changes in price could still have a significant impact on the calculations as they currently stand. The initiators would like to emphasise that this legislative proposal will restore the balance between manure production and sales opportunities. As a result, the manure disposal costs will decrease in the longer term and therefore have a positive effect on the operating result of the dairy farmer.

The initiators consider cooperation between arable farmers and dairy farmers to be of great importance. VLB did not include this form of cooperation in its calculations, because there are currently adverse tax effects and legal risks associated with registering land via a land use declaration. VLB argues that this solution entails major legal risks and has major consequences for, inter alia, the Lease Act, the Agricultural Exemption and the Business Succession Scheme. In the implementation of this legislative proposal, these cooperation options must be expressly taken into account and tax and legal obstacles must be removed as far as initiators are concerned.

The two investigated companies in Natura 2000 transition zones show that land availability is a decisive factor. The business that was able to acquire additional land was able to maintain most of its milk production. The business, which was unable to purchase additional land, had to reduce the number of dairy cows. This underlines the importance of land availability for a healthy revenue model in all dairy farming regions. As the VLB also emphasises, land is the key to achieving future-proof dairy farming. Therefore, a separate section on land policy is included in Chapter 6 on supporting policy, which describes how the government should ensure sufficient land access for land-based businesses.

Finally, in the Social Agriculture (SA) areas, the extensification fee and its guarantee are of great importance. This guarantee is explicitly laid down in the legal text: as soon as an area is designated as an SA, the government is obliged to arrange the corresponding compensation. This provides a stable basis for economically viable extensive dairy farming.

8. Environmental impacts

8.1 Introduction

Under European law, the Netherlands is bound by binding obligations regarding the protection of water quality, soil and nature. These include the Nitrates Directive (Directive 91/676/EEC), which requires Member States to take measures to prevent and reduce water pollution caused by nitrates from agricultural sources, the Water Framework Directive (Directive 2000/60/EC), which, pursuant to Article 4(1), requires the achievement of good ecological and chemical status for all water bodies, and the Habitats Directive (Directive 92/43/EEC) and the Birds Directive (Directive 2009/147/EC), which together form the Natura 2000 obligations.
Land-based production contributes to increased carbon sequestration in the soil, improved biodiversity, increased grazing (which ensures better animal welfare) and preservation of the Dutch landscape.[39] The

[39] https://www.wur.nl/nl/onderzoek-resultaten/onderzoeksinstituten/social-economic-

proposed anchoring of land-based farming in the Fertilisers Act is therefore not merely a policy choice, but a legal necessity in order to comply with existing European obligations.
This legislative proposal also implements the measure included in the 7th Action Programme of the Nitrates Directive to achieve land-based dairy farming by 2032. This measure aims to strengthen circular agriculture and reduce emissions. This means that by 2032, we will already have a form of land-based farming. This will be progressively tightened until 2034.

In addition, the bill provides for the SA areas, providing a structural approach to extensification and sustainable management. SA areas largely coincide with vulnerable zones, such as areas surrounding Natura 2000 sites, peat meadow areas and stream valleys, where multiple environmental and nature conservation objectives converge. According to recent analyses by the PBL, approximately 200,000 hectares of agricultural land in the Netherlands are located within 1 kilometre of nitrogen-sensitive Natura 2000 areas, 90,000 hectares are in peat meadow areas with climate challenges[40], and 80,000 hectares are in groundwater protection areas[41]. The establishment of SA areas creates a structure in which area-specific customisation and extensification can be better guaranteed. This establishment mentioned the PBL conditionally in order to achieve the combination in water, nature and climate objectives.

8.2 Water quality

The introduction of a grassland standard in the AMS and an LU standard in SA areas has a demonstrable positive effect on the quality of ground and surface water in the Netherlands[42].
Grassland functions as a natural filter that prevents leaching of nutrients and soil particles[43]. Due to the high proportion of permanent grassland, the soil remains covered, allowing rainwater to infiltrate more effectively and reducing the rate at which fertilisers run off into ditches and streams. On sandy soils, nitrate leaching is lower in permanent grassland than in comparable arable land parcels[44]. This reduction is attributed to the closed root system and permanent vegetation, which absorb and retain nitrogen and phosphate efficiently. A scenario analysis by the Louis Bolk Institute shows that without the grassland standard being set, 45,000 hectares of grassland will be converted, which would increase the average nitrate leaching in the Netherlands by at least 3.9%[45]. The preservation of permanent

research/ show-ser/minder-koeien-of-meer-grond-de-mogelijke-effecten-van-een-graslandnorm.htm; Van den Hout et al. 2023.

40 PBL Ex Ante analyse Nationaal Programma Landelijk Gebied 2024 (Ex Ante analysis National Rural Area Programme 2024)

41 Natuur & Milieu Bestrijdingsmiddelen in Nederlandse natuur en water 2024 (Nature & Environment Pesticides in Dutch nature and water 2024)

42 Louis Bolk Institute, Effecten van een oplopende graslandnorm op de levering van ecosysteemdiensten, 2025 (Effects of an ascending grassland standard on the provision of ecosystem services, 2025).

43 PBL, Balans van de leefomgeving, 2023 (Balance sheet of the Living Environment, 2023).

44 Fraters, D., van Leeuwen, T., Boumans, L. & Reijs, J. (2015). Use of long-term monitoring data to derive a relationship between nitrogen surplus and nitrate leaching for grassland and arable land on well-drained sandy soils in the Netherlands. Acta Agriculturae Scandinavica Section B: Soil and PlantScience, 65(suppl. 2), 144–154.

45 Louis Bolk Institute, Effecten van een oplopende graslandnorm op de levering van ecosysteemdiensten, 2025 (Effects of an ascending grassland standard on the

grassland through standardisation therefore has a measurable and stable impact on nutrient leaching into the water system.

The cumulative effect of permanent grassland and rest crops thus leads to a lower load on groundwater and surface water with nitrogen and phosphate and to a more stable water quality, in line with the objectives of the Water Framework Directive[46].
The lower stocking density in SA areas (up to 1.5 LU/ha) reduces manure production per hectare and therefore reduces the pressure on manure rotation. This results in less leaching of nitrogen and phosphate and a lower concentration of nutrients in the run-off water. Less intensive grazing also ensures a better soil structure, which reduces runoff[47].

provision of ecosystem services, 2025).

[46] Schipper, P., Van Loon, A., Rozemeijer, J., Groenendijk, P. & Lukács, S., *Effectiviteit nutriënten-maatregelen om uit- en afspoeling vanuit landbouwgronden te verminderen* (*Effectiveness of nutrient measures to reduce run-off from agricultural land)* (Deltafact, Kennisimpuls Waterkwaliteit (Water quality knowledge boost) – issued by STOWA), 2022.

[47] Curran Cournane, F., Impacts of livestock grazing on soil physical quality and phosphorus and suspended sediment losses in surface runoff, LincolnUniversity, 2010.

In addition, the LU standard leads to area-specific extensification, which is in line with the findings of Wageningen University & Research (WUR), which shows in its 'NPLG Scenario Study' that an area-specific scenario with lower livestock density is considerably more effective in achieving emission and water quality targets than a generic approach[48]. In that scenario, a larger proportion of uncultivated areas (150,000 hectares) is also assumed. Although such areas are not directly safeguarded by this legislative proposal, it emphasises that additional area-specific measures may be necessary to fully achieve the intended environmental objectives.

8.3 Biodiversity

Research by Wageningen UR[49] shows that a livestock density of 0.35 ha/LU creates a sustainable balance between grass production and grazing. This prevents overgrazing, gives the grassland sufficient regeneration time and helps to maintain soil structure and biodiversity. In the context of agricultural nature management, such as meadow bird management, 0.35 ha/LU is a practical standard. This standard provides sufficient openness and limited disturbance to grassland, which is essential for breeding meadow birds such as the black-tailed godwit and the lapwing, and is therefore frequently included in management agreements and subsidy schemes.

In addition, grassland itself makes a significant contribution to the ecological quality of the agricultural system. Both above-ground and below-ground biodiversity increases with a higher proportion of permanent grassland. Research by the Louis Bolk Institute shows that permanent grassland achieves the highest score on soil quality compared to arable land and torn-up grassland.[50] This is due to an increased supply of organic matter, a stable root system and a lower rate of degradation of organic material compared to arable land. In this way, the preservation of grassland directly contributes to healthier soil, richer soil life and greater ecosystem resilience.

Biodiversity is supported on a large scale within SA areas. First of all, through management and stimulation packages, agricultural practices aimed at biodiversity improvement are promoted in SA areas. In these areas, where extensive livestock farming, organic farming, nature-inclusive agriculture and agricultural nature management take place, all these forms contribute to the restoration of biodiversity. A concrete management package is the stimulation of extensive herb-rich grassland, which directly contributes to biodiversity. Research by the Louis Bolk Institute shows that, compared to permanent grassland and productive herbaceous grassland, extensive herbaceous grassland has the most plant species and the most unique species.[51] In addition, the diversity of soil life, insects and birds is greatest in extensively managed herb-rich grassland.

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48 WUR, Scenariostudie naar doelen en doelrealisatie in het kader van het Nationaal Programma Landelijk Gebied, 2023 (Scenario study on goals and goal realisation in the context of the National Programme for Rural Areas, 2023)

49 Verkenning varianten van een graslandnorm (Exploration of variants of a grassland standard), Wageningen UR, 2025.

50 Louis Bolk Institute, Effecten van een oplopende graslandnorm op de levering van ecosysteemdiensten, 2025 (Effects of an ascending grassland standard on the provision of ecosystem services, 2025).

51 Louis Bolk Institute, Kruidenrijk grasland – betekenis voor productie, bodem en biodiversiteit, 2024 (Herb-rich grassland – significance for production, soil and biodiversity, 2024).

In addition, SA areas are being extensified by means of LU standardisation. This leads to less disturbance of soil and vegetation, more restoration opportunities for ecosystems and strengthening biodiversity. This is in line with findings by the PBL, which endorses the view that extensification and less intensive land use, together with supporting policies, are necessary in order to achieve nature and biodiversity targets[52]. In the nature-inclusive scenario outlined, it is concluded that 650,000 hectares of agricultural land must be extensified in order to achieve the biodiversity and nature targets. This study emphasises that structural safeguards for extensification, as described in this legislative proposal, are a prerequisite for achieving compliance with the Birds and Habitats Directives.

Finally, within SA areas, through the area-based approach to extensification practices and agricultural nature management, there is a positive impact on ecological restoration. This is supported by findings that in areas with a higher proportion of Agricultural Nature and Landscape Management (ANLb), there is a demonstrable positive effect on the population trends of target species of the Birds and Habitats Directives[53].

8.4 Climate

The present legislative proposal makes a structural contribution to the reduction of greenhouse gas emissions and to the strengthening of carbon sequestration in agricultural soils. The introduction of a grassland standard, a land-based livestock farming system and closer cooperation between dairy farmers and arable farmers will create an agricultural structure that is more in balance with its natural environment and less dependent on external inputs.

The proposed standard of at least 0.35 LU per hectare encourages the preservation and expansion of permanent grassland. Grassland plays an important role as a carbon sink in the Netherlands: in 2023, an estimated 191,000 tonnes of CO_2 were sequestered in grassland soils, approximately 24% of the total soil sequestration of 811,000 tonnes of CO_2[54].

More permanent grassland contributes to climate change mitigation by:
- grassland is rarely ploughed, thus releasing less soil carbon;
- the root system continuously adds organic matter to the soil;
- improve soil structure, water storage and resistance to erosion.

The amount captured varies depending on soil type, groundwater level and management, but under favourable conditions can be as high as approximately 6.6 tonnes of CO_2 per hectare per year[55]. In both the Netherlands and other European Member States, the carbon content in

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52 PBL Agriculture and Nature Exploration, 2025.

53 Visser, T. & Kleyheeg, E., 2025. Ecologische evaluatie Agrarisch Natuur- en Landschapsbeheer (Ecological evaluation of Agricultural Nature and Landscape Management). Wageningen, Wageningen Environmental Research, report 3156.

54 CBS, StatLine - Aanbod van ecosysteemdiensten; fysiek en monetair, regio, 2025 (Provision of ecosystem services; physical and monetary, region, 2025).

55 Louis Bolk Institute, Effecten van een oplopende graslandnorm op de levering van ecosysteemdiensten 2025 (Effects of an ascending grassland standard on the delivery of ecosystem services 2025).

grassland soils still increases slightly every year; [56] [57]. A larger area of permanent grassland reinforces this trend and leads to a sustainable increase in carbon storage.

The projected contraction of approximately 14% of the herd results in a direct reduction of methane (CH_4) emissions from rumen fermentation and manure storage, the largest source of climate impact within dairy farming. A smaller livestock population also means less manure production, which in turn reduces emissions of nitrous oxide (N_2O) from manure and soil. Nitrous oxide is a potent greenhouse gas with a global warming potential 273 times greater than CO_2 on a hundred-year timescale[58]. Less organic matter and manure per hectare leads to a more balanced soil process and therefore on average lower emissions of both CH_4 and N_2O.

In addition, the shift from intensive fodder crops to grassland reduces the use of artificial fertilisers and fossil energy in cultivation, harvesting and transport. The total emission reduction thus includes both direct emissions at farm level and indirect emissions from the supply chain.

The legislative proposal encourages structural cooperation between dairy farmers and arable farmers. Within this system, catch crops and protein crops – such as field beans, lupins or alfalfa – are incorporated into farmers' crop rotation plans. These crops improve soil quality and provide locally produced feed suitable for dairy cattle.

This creates a regional cycle of feed and manure: arable farmers receive organic manure to strengthen their soil fertility, while dairy farmers use locally grown protein-rich feed. This has a favourable effect on the climate because:

- imports of concentrated feed (e.g. soya from South America) decline, reducing emissions from transport and deforestation-sensitive cultivation chains;
- use of industrially produced concentrated feed and associated processing and transport emissions is reduced;
- local cultivation of protein crops shortens the chain and reduces dependence on fossil energy in the feed sector;
- Cover crops contribute to higher soil fertility and additional carbon storage in the soil.

The combination of land-based farming, grassland expansion and regional cooperation thus results in a closed, more climate-friendly agricultural system that is less vulnerable to global price fluctuations and climate risks.

The legislative proposal demonstrably contributes to a structural reduction in the climate impact of dairy farming by:

- reduction of methane and nitrous oxide emissions through a smaller and more efficient livestock population;
- enhancing carbon sequestration by expanding permanent

[56] Arets, E.J.M.M., S.A. van Baren, C.M.J. Hendriks, H. Kramer, J.P. Lesschen & M.J. Schelhaas (2023). Greenhouse gas reporting of the LULUCF sector in the Netherlands. Methodological background, update 2023. Wageningen. WOt-technical report 238.

[57] Vleeshouwers, L. M., & Verhagen, A. (2002). Carbon emission and sequestration by agricultural land use: a model study for Europe. Global change biology, 8(6), 519–530.

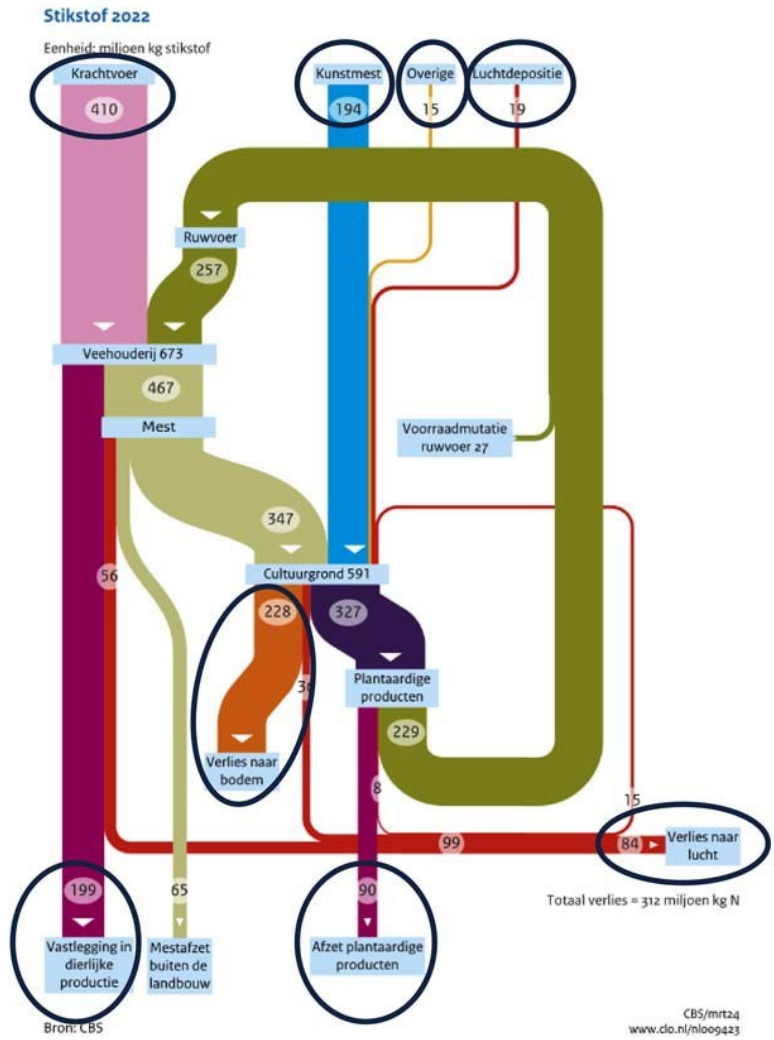
[58] Van Dijk, W., de Boer, J.A., Schils, R.L.M., de Haan, M.H.A., Mostert, P., Oenema, J., & Verloop, J. (2022). Rekenregels van de KringloopWijzer 2022 (Calculation rules of the 2022 Annual Nutrient Cycling Assessment). Wageningen Research, Report WPR-1206.

grassland;
– reduction of CO_2 emissions through local cultivation of protein crops and less import of concentrate feed;
– shorter, regional cycles of feed and manure.

The coherence between grassland standard, herd size and cooperation with arable farmers therefore constitutes a powerful and integrated instrument for climate mitigation in agriculture and supports the realization of the Dutch climate goals.

8.5 Nitrogen

The CBS publishes the national nitrogen cycle annually. The 2022 version is attached below.



In summary, this shows that a total of 638 million kilograms of nitrogen is used at the front end. The total amount of 410 million kilograms of concentrated feed, 194 million kilograms of artificial fertiliser, 15 million kilograms of other supply sources and 19 million kilograms in the form of air deposition. Almost 40% of the input of 410 million kg of concentrated feed (163 million kg) goes to cattle farming, just over 36% (148 million kg) to pig farming, 22% (90 million kg) to poultry farming and the remaining 2% (8 million kg) to other sectors.
Of these, agriculture produced 199 million kilograms of nitrogen in the

form of animal products and 90 million kilograms of nitrogen in the form of plant products in 2022. Much of the difference is lost in the soil (228 million kilograms of nitrogen) and into the air (84 million kilograms of nitrogen).

It is these losses that are at the root of the nitrogen problem and the manure surplus in the Netherlands.

So the solution starts at the beginning: what does not go into external input in the form of concentrate feed and fertilizer, does not come out as nitrogen losses either. In other words, we need to move towards a different agricultural system with less concentrated feed and artificial fertiliser. Without that change, you will not solve the nitrogen problem in the Netherlands. In addition, the NVWA states that, from a supervisory perspective, a system with less manure can also contribute to a structural increase in the ability and willingness of dairy farmers to comply with manure regulations.

In addition, a land-based business has many advantages for less manure and less nitrogen:

- A land-based business uses less concentrated feed. It can produce a relatively large amount of (raw) feed itself, which means that less external input is required in the form of concentrate feed.
- A land-based business has less ammonia emissions. It can utilise grazing, which reduces ammonia emissions because faeces and urine are separated when they reach the land. In urine there is urea, in faeces the enzyme urease. When these two substances come into contact, ammonia (NH_3) is formed within seconds.
- A land-based business uses less fertiliser. When legumes (especially clovers, which bind air nitrogen) are used, less fertilizer nitrogen is needed. It leads to a more efficient use of own minerals (read manure).
- A land-based business has less manure disposal. A land-based business can dispose of a relatively large amount of manure on its own premises, eliminating the need for long manure transport journeys, which are constantly at risk of manure fraud. There are now about a million manure transports every year and they are increasing even further. Manure transport and processing costs billions of euros annually: an unnecessarily large expense.

It is therefore clear that land-based dairy farming improves the nitrogen cycle and makes a substantial contribution to emission reduction.

The CPB and PBL have calculated that, partly due to the introduction of a maximum livestock density per hectare of grassland, a significant step is being taken towards achieving the nitrogen targets[59]. This supports the conclusion that a combination of a grassland standard, emission reduction/standardisation and additional supporting instruments provides an effective result for the achievement of the national nitrogen objectives. Both in the CPB and PBL calculations of the Christian Union measure package and in the Land-Dependence and Responsible Fertiliser Disposal legislative proposal, the emphasis is on strengthening the link between cattle farming and available agricultural land. Both proposals introduce a maximum livestock density per hectare of grassland for dairy farming, which means that farms will need more land for their livestock. This measure indirectly leads to a reduction in livestock numbers and directly encourages more land-based and nature-inclusive farming practices that lead to

[59] https://www.cpb.nl/publicatie/keuzes-kaart-2027-2030 (H9, CU).

nature restoration.

The land-relatedness enshrined in this legislative proposal contributes directly to the achievement of the nitrogen targets resulting from the Birds and Habitats Directive (VHR). The 2050 Agriculture and Nature Outlook (Landbouw en Natuurverkenning 2050) published by the Netherlands Environmental Assessment Agency (PBL)[60] shows that these targets can only be achieved if further extensification takes place in the transition areas surrounding nature reserves. Even in the so-called intensive-technological scenario, a considerable area of (very) extensive agriculture is necessary to bring the nature targets within reach. The Land-Based Farming legislative proposal operationalises this extensification requirement by structurally linking dairy farming to sufficient land and balancing manure production with the environmental use space. This reduces the nitrogen pressure on vulnerable nature and creates an agricultural system that is ecologically sustainable and functions in balance with its environment. In this respect, the social agricultural areas as provided for in this legislative proposal fulfil a function similar to the transitional zones in the PBL exploration: they form the necessary link between agriculture and nature to actually achieve the conservation goals of the VHR.

9. Financial consequences

This legislative proposal has significant financial implications for the central government. An important part of the proposal is the introduction of a system of Social Agricultural Areas (MLGs), in which farmers receive remuneration for public services that contribute to nature, landscape, soil quality, water management and climate. This compensation constitutes a structural obligation on the part of the State, comparable in a sense to the current agricultural nature and landscape management (ANLb), but with a broader social objective and a greater geographical scope.

9.1 Cost

The legislative proposal stipulates that farmers who farm in MLG will receive an annual compensation. This is expected to range from €1,000 to €2,500 per hectare per year, depending on social performance and area characteristics.

There are currently 112,000 hectares of ANLb land. The expectation of this legislative proposal is that approximately 500,000 hectares of social agriculture will be designated by 2034. Assuming an average compensation of €1,750 per hectare, the estimated structural annual expenditure amounts to around €875 million per year from 2034 onwards. These funds are used for long-term compensations from the government to farmers in social agriculture and thus constitute a multi-annual, structural obligation in the national budget. Until 2034, it will depend on farmers' choice for a grassland standard or social farming how much funding is really needed.

One possibility is that the system used by the ANLb, whereby funds are distributed to participating farmers via recognised collectives, could be

[60] Netherlands Environmental Assessment Agency (Planbureau voor de Leefomgeving - PBL), *Landbouw- en Natuurverkenning 2050 Agriculture and Nature Outlook 2050: Op zoek naar een nieuwe balans tussen landbouw en natuur* (*Looking for a new balance between agriculture and nature*), The Hague: PBL, 2025 (PBL publication number 5076–3)

used as a model for granting the allowances.

The introduction of the new system requires an extensive start-up phase, including the development of implementation frameworks, registration systems, monitoring, information provision and contract management. This is based on incidental costs in the order of €200 to €300 million over the first three years after entry into force.

These minimum technical-functional specifications shall cover:
- the design of the digital registration system for land and performance data (RVO);
- the preparation and approval of collectives;
- communication and training;
- building monitoring and evaluation capacity;
- temporary reinforcement of implementing organisations.

An overview of the expected costs:

Component	Type	Estimate (min €)	Frequency	Explanation
Social per-hectare compensation (500,000 ha × €1,750)	Structural in the long-term	875	Annual	Paid to collectives through provinces
Implementation and enforcement	Structural	25–45	Annual	RVO and monitoring
System start-up costs	Incidental	200–300	One-off (3 years)	System design and structure
Total annual structural	–	approx. €900 million	–	Structural obligation of the State
Total incidental (first 3 years)	–	€200 - €300 million	–	One-off implementation costs

9.2 Coverage

Structural expenditure can be (partly) covered by reallocation of existing budgets currently used for agricultural nature and environment policy and the Common Agricultural Policy (CAP). Possible sources of coverage include:

- Approximately €500 million from existing ANb funds;
- approximately €200 million from the current ANLb funds;
- approximately €197 million from the eco-scheme;
- approximately €790 million from the CAP budget, of which approximately €211 million currently falls under Pillar 2;
- the €2.6 billion in unearmarked funds that are currently still on the national budget.

It is up to the Cabinet to determine the final coverage and restructure the aforementioned resources for this purpose when preparing the budget after this bill has been passed. In addition, the initiators also point to the possibility of claiming subsidies in Europe for 'Areas with natural constraints' (the 'mountain farming scheme') for, for example, peat meadow areas and dry sandy soils, and the possibility of compensating farms for performing DAEBs under certain circumstances.

9.3 Implementation and enforcement

The legislative proposal stipulates that the State is responsible for these reimbursements and their structural financing. This creates a new, stable instrument to reward farmers for their social contribution to nature, landscape and climate.

It is conceivable that the financial resources will be made available by the State to the provinces, which can then pass them on to the recognised collectives under certain conditions, with the State government retaining ultimate responsibility for the lawful expenditure and control, in accordance with the system that also applies to the current agricultural nature and landscape management (ANLb).

The implementation costs are estimated at around 3 to 5 per cent of the annual budget (approximately €25-45 million per year). These resources cover the tasks of provinces, collectives, RVO and NVWA, including supervision, control, contract management, communication and evaluation. By building on and learning from the existing ANLb infrastructure, the expansion and implementation costs can be limited.

9.4 Financial risks and control

The main financial risks are associated with:
- the speed of area designation and contracting;
- fluctuations in participation (under- or over-subscription);
- alignment with European regulations and CAP frameworks.

These risks are manageable within the regular budgetary cycle, provided that the annual fiscal space is committed in a timely manner and contracts are legally secure.

9.5 Basis for payment of social services by farmers

The designation of Social Agricultural Areas (SA areas) on the basis of Article 2.31b of the Environment Act aims to promote agriculture that is less harmful to the environment and nature and creates more social value. In these areas there are restrictions on agricultural intensity and thus possibilities for profitable agriculture, with the aim of contributing to biodiversity, water quality, climate and landscape challenges. As these restrictions may affect the economic position of farmers, it is important that they receive appropriate financial compensation for the public services they provide.

The basis for these payments will be found within the frameworks of the Common Agricultural Policy (CAP) and the European State aid and DAEB frameworks. Possible legal bases are:
- subsidies due to natural constraints (Article 71 of the Strategic Plan Regulation (EU) 2021/2115);
- subsidies linked to legal restrictions (Article 72 of the SP Regulation);
- differentiation of the basic income support (Article 22 of the SP Regulation);
- subsidies for changing the function of land, on the basis of a national regulation or through a specific allowance (SPUK) from the province;
- or compensation for the performance of an SGEI.

When designing a scheme for SA areas, it is essential that the level of compensation is carefully substantiated and proportionate to the actual loss of income and efforts required of farmers. The financial coverage should be transparent, so that it is clear to what extent available CAP funds and national co-financing can be mobilised without crowding out other policy objectives. A thorough cost-benefit analysis is necessary in order to assess the effectiveness of the scheme and the efficiency of public resources.

In addition, it is advisable to build on existing systems and structures, such as the Agricultural Nature and Landscape Management (ANLb) and the eco-scheme. These arrangements are embedded in a collective, area-oriented approach that has proven itself in practice. By aligning with these existing instruments, implementation can be simplified, confidence among farmers can be strengthened, and displacement between schemes can be avoided.

10. Implementation and enforcement

10.1 Netherlands Enterprise Agency

The Netherlands Enterprise Agency (RVO.nl) also has an important role to play in implementing the legislative proposal. Initiators have therefore asked the RVO to carry out an implementation test (see Annex 4) on this legislative proposal. This shows that the RVO is in favour of the goal of the initiative legislative proposal on Land-Based Farming and Responsible Fertiliser Disposal to achieve a better balance between agriculture and nature. It appreciates that attention is paid to practicability and enforceability at this early stage. In its opinion, the RVO stresses the importance of coherence with existing legislation, such as the Fertilisers Act and the Common Agricultural Policy, to reduce regulatory burden and ensure an integrated approach.

The RVO sees opportunities to effectively support the transition to more land-based and extensive agriculture, provided that definitions and forms of control (goal-oriented versus means-oriented control) are clearly elaborated. Therefore, initiators have paid extra attention in Section 4.4.2 on target control in the Agricultural Main Structure and Section 4.5.1 on target control in social agriculture to the role of target control and the relationship with this legislative proposal. The RVO also recommends providing clear frameworks for provinces, proper organisation of cooperation between implementing bodies (RVO, NVWA, IPO) and timely alignment of subsidy instruments with European regulations. Overall, the RVO considers the proposal promising, provided that the practical implementation is further specified and well embedded in the existing policy.

10.2 NVWA

Initiators have asked the NVWA to test this legislative proposal for enforceability, feasibility and fraud resistance (the HUF test; see Annex 5). In its HUF assessment, the NVWA concludes that the own initiative legislative proposal on land-based farming and responsible manure disposal contributes in broad terms to structural compliance with manure regulations. The NVWA also requests further elaboration of the proposal in order to properly assess its enforceability, feasibility and fraud resistance. That is why, on the advice of the NVWA, the initiators

have further implemented the legislative proposal – including with regard to definitions, regional divisions, supervisory responsibilities and cooperation agreements. However, on a number of points, these are responsibilities that lie outside the scope of the initiators. That is why delegation principles have been included to further elaborate on matters such as the cooperation agreement. The NVWA also points to possible additional monitoring costs and the need for coordination with RVO on data exchange and controls. The initiators advocate involving the NVWA at an early stage in the further elaboration of lower-level regulations in order to guarantee the enforceability and compliance of the law.

The NVWA also asks about the amount of the fine for violating the law. Article I, section E, stipulates that certain offences may be punished by administrative fines. This is a technical amendment. The amendment makes it formally possible for infringements of the obligations laid down in the law to be subject to administrative fines. The amount of the fines, the grades and the possible maximum amounts will be decided at a later date and laid down in implementing regulations, so that it can be set up in a practical and practicable manner. The primary purpose of this provision is to legally safeguard the possibility of enforcement.

10.3 Provinces

The decision on which areas fall under the Social Agricultural Areas lies with the provinces. It can also be traded between provinces if it proves easier or more attractive for one province to choose SA areas than for others.

In order to assign this role to provinces and to be able to incorporate a spatially differentiated standard, it has been decided to embed Social Agriculture in the Environment Act. With a delegation basis, lower regulations determine what this bottom-up process in provinces will look like.

Initiators have asked the Interprovincial Consultation (IPO) to carry out a feasibility test on this legislative proposal. The IPO did not succeed in submitting the legislative proposal, but they are prepared to do so. At the time of drafting of this legislative proposal, initiators had extensive consultations with individual provinces, from South to North. Provinces indicate that they need clear frameworks from the central government for determining the SA areas.

11. Consultation

11.1 Online consultation

The internet consultation of the own initiative legislative proposal ‘Land-dependent and responsible fertiliser disposal’ ran from 1 to 29 September 2025 and has resulted in 140 responses being deduplicated. The initiators are grateful for all responses and useful tips. The initiators of the Act have carefully examined all responses, and partly on the basis of this internet consultation, the own initiative legislative proposal has been amended in a number of respects.

The 140 responses can be roughly divided into 29 responses from (interest) organisations. The rest mostly comes from individual farmers, but we have also received a number of responses from non-

farmers. It is important to note that the initiators also consulted with numerous organisations, authorities and individual farmers during the preliminary phase. And have tried to include as many of their comments and views as possible in the final legislative proposal.

First, a word of introduction. It should be noted that organisations (as well as individuals) have responded from their own interest and put forward their own wishes. The initiators understand this and are attempting to find a compromise between the various interests with this legislative proposal. They make fundamental choices based on an outlook. After which boundary conditions are outlined (also called framework or ‘guard rails’). This own initiative legislative proposal offers ample scope for goal-oriented management, but without a framework, that is a dangerous path to take. By definition, legislation is framework-setting. In the many preliminary consultations that the initiators had, this was also always emphasised. ‘Come with clear frameworks, then we will make sure that farmers can continue to do business within these frameworks based on their craftsmanship!’

The internet consultation has generated the necessary positive reactions. *Bouwend Nederland states*: ‘Land-based farming as a necessary systemic change that offers prospects for agriculture and creates space for social development.’ The NAJK sees this own initiative legislative proposal as 'a first step towards structural policy', but at the same time wonders to what extent it will really get the sector moving. Nature organisations see the legislative proposal as an important step, but emphasise that more is needed to achieve the nitrogen targets, for example. The initiators emphasise that this legislative proposal is a structural choice for agriculture, with positive effects for reducing nitrogen emissions. However, this will not solve the entire nitrogen problem; that has never been the suggestion or intention.

Below is an overview of the responses to the internet consultation and the reflection of the initiators. They looked at both the responses of (interest) organisations and the individual responses. What was striking is that almost all the comments from the individual submissions coincide with the criticisms expressed by (interested) organisations. What is also striking is that a number of dairy farmers categorically reject the law. Sometimes because they still see it as a form of middle management. Sometimes because they are concerned about the impact on their business operations; this mainly concerns dairy farmers in the southern Netherlands (North Brabant and Limburg). However, on several occasions, this was done without providing any substantive reasons. The initiators opt for a clustered view of the responses per theme, because sometimes several organisations/individual respondents came up with the same objections/comments.

11.1.1 Land-based dairy farming

A number of organisations and individual reactors wonder whether land-based production in this legislative proposal relates exclusively to dairy farming. The initiators see that dairy farming is an inherently land-dependent sector. That is why dairy farming is the starting point of this new structural policy. At the same time, they are also paving the way for other sectors. For example, the dichotomy for AMS and SA areas can also be applied to other sectors.

The consultation also reveals that a number of farmers (and farmers' organisations) are concerned about a decline in livestock numbers. The initiators emphasise that this law will not lead to an additional reduction in livestock numbers, but is based solely on the predicted reduction due to farmers ceasing production and the loss of derogation, as can also be read in paragraph 4.1. They would like to highlight two aspects of this. First, the already predicted shrinkage in livestock is now established by the definition of land-based farming. This ensures the nitrogen reduction resulting from this contraction. Reduction that does take place, but from which no rights can be derived. Secondly, this legislative proposal provides guidance for the autonomous contraction. In this way, a region/area can implement structural development by, for example, including areas with many small-scale dairy farms, mixed farming operations or organic dairy farms in SA areas. This creates a new revenue model for these companies because of the fees in
SA areas. This is the sum of ANLb packages, eco-schemes and any additional packages from the province.

Land-relatedness of dairy farming in the AMS is guaranteed by the grassland and cover crops standard. There is still some discussion about this, according to the internet consultation. The initiators have further substantiated this with research by WUR and Louis Bolk in Section 4.4. For example, one organisation would prefer a single national standard for land-based farming of 2-2.2 LU/ha. The initiators consider that too rigid; it does not do justice to the territorial differences. However, they do consider it important to maintain as much grassland as possible. This was guaranteed by derogation (80% grassland), which is guaranteed by the grassland and cover crops standard. So that does not say anything about (the preservation of) pasture. This is something that should be guaranteed in the areas through target control. Comments on the level of the grassland standard (too rigid) came mainly from North Brabant and Limburg. Additional research (see paragraph 4.4) shows that in a number of municipalities in these provinces, the grassland standard may initially be restrictive, but this can be easily overcome because, on the one hand, the standard also applies to catch crops and, on the other hand, by converting arable land into grassland.

During the internet consultation, a number of (farmers') organisations questioned the usefulness and necessity of the 25-kilometre distance limit for cooperation agreements that count towards the grassland standard. The initiators acknowledge that this imposes too great a restriction. They have therefore decided to extend the distance to 50 km, thereby ensuring that regional cycles are maintained. Within this distance, it is still logically possible for a farmer to transport the manure to the grassland on a tractor. They also emphasise that cooperation agreements outside that 50-kilometre radius are still possible and even desirable. That land alone shall not be taken into account for the determination of the grassland and cover crops standard. The initiators have amended this distance standard in light of the internet consultation and further substantiated it in paragraph 4.4.1.

Cover crops are included in the determination of the grassland standard; this supports the cooperation between dairy farmers and arable farmers. For example, in a province such as Flevoland, where there is a lot of arable farming. In the legislative proposal that was presented for consultation, reference was made to the list in Annex 1

of the CAP 2023 implementing regulation. Various organisations indicate that there are better alternatives. The initiators therefore entered into discussions with farmers about which list would be best to use. Their choice is further substantiated in paragraph 4.4.1 of the MvT.

The proposed division of the Netherlands into areas falling under the Agricultural Main Structure (AMS) or Social Agriculture (SA) has generated by far the most responses. It is still unclear to many what exactly is meant by both areas (definition) and who is responsible for designating those areas. The initiators acknowledge that this legislative proposal is not a colour-coded map of the Netherlands that provides clarity for every farmer. And understand that this also creates (temporary) uncertainty. At the same time, they attach great importance to the involvement of farmers in the further process. And have therefore chosen to set up the designation of SA areas even more bottom-up (via a delegation basis), with the provinces having a coordinating role. They have further substantiated and explained this in paragraph 4.5. The initiators have also decided to relax the standard in those parts of the peat meadows in the Netherlands that are becoming SA areas: not 1.5 LU per hectare, but 0.5 hectares of grassland and rest crops per LU.

Questions have been asked by a number of organisations and individual responders about the requirements that are set for the SA areas in particular. For example, nature organisations would like to see requirements imposed on, for example, plant protection products or grazing in addition to the strict LU standard. However, with this Act, the initiators really aim to set a framework and give all the scope for target-related guidance. For example, grazing and the proportion of permanent grassland can be filled in via target management. The bill focuses on land-based farming, goal-oriented management, and area-specific policy. This can be found in sections 4.4.2 (target-based management in AMS) and 4.5.2 (target-based management in SA areas).

The necessary comments and remarks have been received with regard to the compensation of €1,000 – €2,500 per hectare in the SA areas. How long is that, how sufficient is it and how does it relate to existing schemes such as ANLb, CAP basic premium and eco-scheme? The initiators have therefore asked agricultural accountancy firms to calculate the economic effects. This is discussed in Chapter 7 and is included as an appendix to the legislative proposal. Many individual farmers have also expressed their concerns about the long-term nature of the compensation. The initiators understand this, against the background of a more general growing distrust of the government. Therefore, this fee is explicitly included in the law in the form of a separate legal article. This is quite unique and the second most powerful measure after inclusion in the Constitution.

The link between the number of livestock units and milk production is perceived as unfair by some farmers (and farmers' organisations). For a number of farmers, higher milk production is necessary to maintain their revenue model. For this reason, the initiators have chosen to slightly expand the table and to bring the current average number of litres of milk into more balance per cow and to calculate closer to 1 LU. Another frequently asked question is why higher milk production is undesirable. This is further substantiated in paragraph 4.6 of the explanatory memorandum.

A number of reactions concerned the fact that in the existing phosphate system milk production is already linked to the calculation of phosphate production. This would render this table superfluous, or at least redundant. The initiators acknowledge this, but due to the temporary nature of the phosphate rights scheme have nevertheless decided to maintain the table in this legislative proposal as well. They have included in the explanatory memorandum (paragraph 4.6) that the planned evaluation of this legislative proposal (and its effectiveness) in five years' time will also have to consider whether the phosphate rights system is still necessary. The fact is that the phosphate legislation prescribes how much manure you can produce. The grassland standard in the legislative proposal says something about how much grassland you need to have in order to be allowed to keep cows.

Concerns have been expressed about the sustainability of the current ANLb system and its implementation by the agricultural collectives in the Netherlands. The initiators emphasise that the ANLb system and the role of collectives is precisely the basis of this legislative proposal, which can be built on in the areas. So the system and structure are actually being further developed and becoming more important. Where they do not exclude that within the AMS also ANLb areas can be

designated.

11.1.2 Responsible fertiliser disposal

This arrangement in the legislative proposal leads to many questions, concerns and sometimes outright negative reactions. This has led to a number of amendments to the own initiative legislative proposal, which are explained in more detail in Chapter 4.7:

- There will be an exception for the mushroom sector, the organic sector and manure that goes to manure processors. The law is not about manure being imported.
- When manure is exported, it is not up to the Netherlands to make demands on this.
- The distance standard is determined as the crow flies and not by road. The impact on the manure market of this measure has been examined by Schuttelaar & Partners and is attached as Annex 6 to this explanatory memorandum.

At the time of the internet consultation, the EU Nitrates Committee decided to authorise RENURE as a fertiliser substitute. This is not yet a definitive introduction, but it is a good first step. A number of organisations asked for an explanation of how the initiators see RENURE in the context of manure distances and regions. This is set out in more detail in paragraph 6.1 of the MvT. The scenario with and without RENURE has also been included in the impact report of Schuttelaar & Partners, which is sent as an attachment with this legislative proposal.

The own initiative legislative proposal aims to make the manure market more transparent and reduce the distances over which manure has to be transported, thereby significantly reducing the role of manure intermediaries. One organisation believes that this unfairly sidelines manure intermediaries to a significant extent. And that in fact they have invested in manure storage further away than this legislative proposal makes possible. The initiators emphasise once again that the aim of the law is to move towards more regional cycles. This is a fundamental choice that does indeed have consequences for the current working methods of intermediaries. Their role is diminishing, partly because there is less manure due to more land-based dairy farming, RENURE and more intensive cooperation between dairy farmers and arable farmers.

11.1.3 General comments

In the context of reducing the administrative burden, a number of parties and individuals are asked to indicate which rules will disappear with the legislative proposal. The legislative proposal provides for a grassland standard, which replaces the ‘Land-based Dairy Farming Sector Growth’ and ‘Responsible Dairy Farming Sector Growth’ schemes. The Land-based Dairy Farming Sector Growth Act and the Responsible Dairy Farming Sector Growth Act will therefore be repealed with this legislative proposal. The proposed provisions on the grassland standard and the determination of the number of livestock units for dairy cattle replace the current Articles 21 and 21a of the Fertilisers Act.

A number of responses concern the lack of substantiation and the calculation of the effects of the frameworks as we outline them with regard to land-based activities. Therefore, after the internet consultations, the following documents have been added to the

legislative proposal:

- WUR report ‘Analyse van impact graslandnormen op de zuivelketen’ (Analysis of the impact of grassland standards on the dairy chain)
- report by Louis Bolk Institute ‘Graslandnorm van 0,35 ha/GVE lijkt noodzakelijk om areaal op peil te houden’ (Grassland standard of 0.35 ha/LU appears necessary to maintain acreage)
- the agricultural accounting offices have calculated the financial justification and long-term compensations in the SA areas.
- Schuttelaar & Partners has conducted research into the impact of manure regions and distance limits.

A number of organisations believe that the own initiative legislative proposal rewards late entrants and disadvantages dairy farmers who are already land-based. The initiators do not recognise this criticism. It is precisely those dairy farmers who have already taken steps to reduce their land use who are more likely to be eligible for compensation packages (in SA areas) or who already comply with these new rules (grassland standard in AMS).

11.2 Legal review

To strengthen the legal quality of the legislative proposal and the explanatory memorandum, the concept was submitted to Prof. Dr. Chris Backes (Utrecht University) in the field of environmental law. The proposal has been assessed on the basis of the Assessment Framework of the Advisory Division of the Council of State. This involved examining, among other things, the legal system, the relationship with higher law (in particular EU law and state aid rules), feasibility and the coherence between policy objectives and legal instruments.

The structure and objective of the legislative proposal are endorsed, but the initiators have been made aware of a number of points for attention, some of which have been incorporated into this memorandum. It was therefore recommended that the issue of state aid be clarified more explicitly and that its assessment be carried out in consultation with experts. This opinion is reproduced and further elaborated in section 5.3.1, which explains how the proposed fees relate to the European State aid frameworks.

In addition, the importance of careful substantiation of environmental impacts was mentioned, in particular with regard to nitrogen and climate. In light of this, paragraph 8.4 has been expanded with further explanation of the climate impact and the relationship with nitrogen reduction. The substantiation of the expected effects on water quality and biodiversity in Chapter 8 has also been refined.

Finally, the importance of a clear legal demarcation of the social agricultural areas and the relationship between existing European and national compensation schemes was highlighted. The text in paragraph 4.5 has been tightened up to reflect this, with further explanation of the legal validity of the scheme under EU law and the preference of initiators for a single combined compensation instrument. The initiators would like to emphasise that they cannot provide a definitive answer as to how the compensation will be structured. In this context, it is desirable for the promoters that all schemes are carefully considered in the further development of this scheme.

The initiators are grateful to the legal aid service for its thorough

assessment. These comments have contributed to strengthening the legal consistency and enforceability of the legislative proposal, in line with the principles of the assessment framework of the Advisory Division of the Council of State.

12. Transition and entry into force

The entry into force of this Act is provided for by Royal Decree. This choice offers the possibility of aligning the date of entry into force with the moment when the necessary implementing regulations are ready. This will ensure that the provisions of this Act and the associated implementing regulations enter into force simultaneously.

This is particularly important in connection with the expiry of Articles 21 and 21a of the Fertilisers Act, for which amendments are necessary in the implementing regulations. By determining the entry into force by Royal Decree, it can be ensured that these adjustments enter into force at the same time as the legislative initiative proposal.

In order to work towards a situation in which dairy farming in the AMS remains economically profitable and meets the ecological preconditions, there is a gradual build-up to the grassland and cover crops standard of 0.35 ha/LU in 2034. This will enable the sector to comply with European regulations on a structural basis, without jeopardising food security or the vitality of rural areas. The standard will be introduced in phases to give businesses time to adjust their land use and operational structures. This prevents uncontrolled contraction and also gives less financially strong businesses the opportunity to move with the times.

- **2028:** 0.20 ha/LU
- **2030:** 0.25 ha/LU
- **2032:** 0.30 ha/LU
- **2034:** 0.35 ha/LU

This standard also includes catch and rest crops, encouraging cooperation between dairy farmers and arable farmers and closing cycles regionally. The present proposed legislation is intended to encourage such cooperation.
The LU/ha standard in the Social Agricultural Areas will be mandatory from 2034 onwards. Before 2034, this standard is optional.

II. ARTICLE-BY-ARTICLE EXPLANATORY NOTES

Article I, parts A, D, F, G, H and I

The legislative proposal provides for a grassland standard that will replace the land-based growth systems for dairy farming and responsible growth for dairy farming. The schemes included in the Fertilisers Act by the *Land-Dependent Dairy Farming Sector Growth Act* and the *Responsible Dairy Farming Sector Growth Act* are repealed with this legislative proposal. The articles in 21 and 21a of the Fertilisers Act in which these systems are included will be amended by this legislative proposal (see Article I, part C). Since the expiry of those systems means that the concepts of dairy phosphate reference and dairy phosphate surplus are no longer in use, the relevant conceptual provisions may lapse.

For the same reason, the references to Articles 21 and 21a of the Fertilisers Act in the second sentence of Article 23(3), Article 58a, the reference to Article 58a in Articles 60 and 62 and parts of Article 75b may also be deleted.

Two new definitions have been added to the definitions in Article 1, first paragraph, Fertilisers Act, which refer to Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 laying down rules on support for the strategic plans drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 and the Nitrates Directive, Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources. This makes it easier to refer to this CAP Regulation and the Nitrates Directive in Article 21a.

Article I, part B

Article 15a of the legislative proposal prohibits the transport of animal manure beyond a radius of 100 kilometres from a business location registered with RVO where the manure was produced. This provision limits the transport of manure so that it remains within the environment and allows transport outside the radius of 50 kilometres, as set out in the new Article 21 for the hectares that can be involved in complying with the grassland standard set out in that Article. This is necessary because it will not always be possible to use all the manure produced on the agricultural land belonging to the farm and the land for which an agreement as described in Article 21, second paragraph, has been concluded. The ban on transporting animal manure beyond a radius of 100 kilometres from the production site applies to all animal manure. Products of animal fertilisers, such as RENURE, are not covered by this restriction and this also applies to champost, since this is a product of horse manure, pony manure, poultry manure or a mixture thereof on which mushrooms have been grown.

The second paragraph provides for an exception for the transport of animal manure within one of the three transport regions referred to in the third paragraph. The demarcation of these transport regions coincides with the relevant provincial boundaries or, in the case of Goeree-Overflakkee, with the relevant municipal boundaries. The first paragraph in combination with the exception of the second paragraph has the effect that transport that remains within the transport region is allowed even if it exceeds the radius of 100 kilometres. Conversely, transport outside the transport region is allowed as long as it remains within the radius of 100 kilometres.

The fourth paragraph contains a number of exceptions to the transport ban referred to in the first paragraph. Firstly, the transport of animal manure produced from organically kept agricultural animals is excluded due to the specific characteristics of the organic manure market, so that it remains possible to transport this manure to organic arable farms located outside of this radius. For similar reasons, the transport of horse, pony and poultry manure for operators preparing mushroom-growing substrate is also excluded. In addition, the prohibition does not apply to the transport of animal manure to a processing company. Pursuant to Article 1(1)(ii), an undertaking, other than an agricultural holding, in the context of which animal fertilisers are processed and processed is, pursuant to Article 1(1)(dd) of the Fertilisers Act, the treatment of animal fertilisers into a finished product that meets the specifications to be determined by order of the

Minister or the export of animal fertilisers. This means that the export of animal manure is also exempt from the transport ban referred to in the first paragraph.

Article I, part C

Article 21

Article 21 stipulates that a minimum area of grassland or arable land with cover crops other than grass is required for keeping dairy cattle. The standard is 0.20 hectares of grassland or arable land with cover crops other than grass in 2028, and the standard will be tightened every two years by 0.05 hectares per livestock unit to 0.35 hectares in 2034. Which cover crops are eligible will be included in a ministerial regulation pursuant to Article 21a, paragraph 4. The number of dairy cattle is expressed in livestock units, and these units depend on the annual milk production as specified in Article 21a, paragraphs 1 to 3.

The number of hectares of grassland or arable land with cover crops other than grass concerns the area of agricultural land belonging to the farm as defined in Article 1(1)(m) of the Fertilisers Act. In view of this definition, the area concerned must be agricultural land situated in the Netherlands and used by the holding in the normal course of its business. Land belonging to the company that is located within a radius of 50 km from the company location where the fertilisers are produced, but which is not used by the company in the context of normal business operations, cannot therefore be counted as agricultural land belonging to the company for the purposes of applying the grassland standard. Furthermore, agricultural land covered by a cooperation agreement that meets the conditions set out in further rules may also be included in meeting the standard referred to in the first paragraph. Thirdly, nature areas that are cultivated with grass and grazed by dairy cattle from the farmer's farm for natural management purposes also count towards the number of hectares required to meet the grassland standard. All these grounds must be located within a radius of 50 kilometres from the business address as known to RVO.

The agreements referred to in proposed Article 21(2)(b) of the Fertilisers Act shall be concluded between two farms as defined in Article 1(1)(i) of the Fertilisers Act, of which at least one farm keeps dairy cattle. The dairy farmer may include the hectares of grassland or arable land with other catch crops covered by the agreement in order to comply with the grassland standard referred to in the first paragraph.

Under the cooperation agreement with transfer of the right to use manure, the dairy farmer acquires from another farmer the right to use manure on the plots of land covered by the agreement, within the usage standards that apply to the dairy farmer. The dairy farmer is obliged to account for the use of manure on these plots and to report on this.
The second type of agreement, the cooperation agreement with an obligation to supply and an obligation to purchase animal manure, is based on the use of manure by the recipient on plots of land for which the recipient is responsible and for which he or she is accountable.
The requirements that each type of agreement must meet are regulated by or pursuant to an order in council (proposed Article 21, third paragraph, of the Fertilisers Act). This includes information about the companies entering into the agreement, the production location, the plots of land and the amount of manure covered by the agreement, the cover crops grown on the plots, and the maximum amount of

animal manure that can still be applied to the plots within the usage standards.

The lower regulations will also include rules on the provision of the cooperation agreements to RVO and how this should be done.

Article 21a

Proposed Article 21a, paragraphs 1 to 3, of the Fertilisers Act regulates the method for determining the number of livestock units. This number depends on the average milk production on a farm per cow per calendar year. This method of determining the number of LU applies only to the application of Article 21 of the Fertilisers Act and does not affect the fact that the number of LU may be determined in other ways in other parts of the regulations. To determine phosphate excretion and thus the number of phosphate rights required, the average milk production in kilograms per cow per specified calendar year is also used, which means that the dairy farmer already has this information at his disposal. Because the definition of dairy cattle in the Fertilisers Act also includes young cattle (Article 1(1), subsection kk, points 2° and 3°, Fertilisers Act), paragraphs two and three provide LU numbers for both young cattle categories.
Using the average milk production per cow per calendar year, the table in Article 21a and the LU figures for young stock from paragraphs two and three of proposed Article 21a, the number of livestock units (LU) for the farm can then be determined so that the number of hectares of grassland or arable land with other fallow crops that a dairy farmer must have available on average in a calendar year pursuant to Article 21, first paragraph, can be calculated.

Paragraph 4 provides for the designation by ministerial order of cover crops that can be taken into account when complying with the grassland standard referred to in Article 21 of the Fertilisers Act. First of all, these must be crops that have been designated as cover crops, adopted in implementation of Regulation (EU) 2021/2115 or the Nitrates Directive Action Programme in force. The list of cover crops under the CAP Regulation is included in Annex I of the CAP Implementation Regulation 2023, and the cover crops action programme are included in Annex VIb of the Environmental Regulation. In addition, it is required that these must be cover crops that are suitable as feed for dairy cattle. For the application of the grassland standard, therefore, not all the cover crops in the CAP list or the action programme list are eligible, but only the cover crops in the relevant lists that can serve as feed for dairy cattle and are also beneficial for the environment and soil quality. In order to avoid any misunderstanding, the cover crops eligible for the grassland standard will be determined by ministerial order.

Article I, sections E and H, and Article III

The new Article 15a is added to the series of articles referred to in Article 51 of the Fertilisers Act, so that violations of the transport ban can be punished with an administrative fine; violations of Article 21, first paragraph, of the Fertilisers Act are already included in this article and will remain so, so that administrative fines can also be imposed for violations of the substantively new Article 21 of the Fertilisers Act. Furthermore, Articles 15a and 21 are added to the second paragraph of Article 62, so that it is possible to lay down rules by or pursuant to an order in council on the maximum amount of administrative fines that may be imposed for violations of Articles 15a and 21 of the Fertilisers Act.

To enable criminal enforcement in any case, in line with the enforcement system with respect to the Fertilisers Act, Article 15a of the Fertilisers Act is added to the articles for which violation has been made punishable in the Economic Offences Act [Wet op de economische delicten]. Environmental offences are listed in Article 1a of the Economic Offences Act [Wet op de economische delicten] and Article 15a is added to the Articles of the Fertilisers Act in Article 1a(3) of the Economic Offences Act, so that violation of the regulations included there constitutes an economic offence. Failure to comply with the provisions contained in this section shall be regarded, pursuant to section 2(4) of the Economic Offences Act, as a misdemeanour rather than a criminal offence, punishable by imprisonment for a maximum of six months, community service or a fourth category fine.

Article II, Part A

Article 2.25 stipulates the matters on which the State may issue instructions to, among others, provinces. These are instructions regarding the content and justification of rules that the province must establish in environmental regulations. A section is added to Article 2.25, paragraph 3, of the Environment Act to ensure that the State can also issue instructions to provinces to lay down rules on social agricultural areas in environmental regulations. Reference is made in the part to the proposed Articles 2.31b and 4.19c of the Environment Act to indicate to which the national instruction rules for social agricultural areas may relate.

Article II, Part B

Article 2.31b of the Environment Act stipulates that the State must include an instruction rule for provinces in the Decree on the Quality of the Living Environment concerning social agricultural areas. More specifically, the article stipulates that provinces are to be given a single set of instructions for designating and establishing rules for social agricultural areas. These rules of instruction on social agricultural areas are given with a view to the protection, restoration and development of nature and the protection of the environment. The instruction rule must also require provinces to ensure that, for designated social agricultural areas, a so-called LU standard of no more than 1.5 livestock units per hectare is applied to dairy farming from 2034 onwards (proposed Article 2.31b, second paragraph, of the Environment Act). This LU standard is different from the grassland standard in Article 21 of the Fertiliser Act because the number of LU in the LU standard is not related to hectares of grass or cover crops but to hectares of agricultural land. Where the grassland standard concerns sufficient number of hectares of grass/cover crops in relation to the number of LUs for water quality, the LU standard concerns a maximum number of LUs in relation to the agricultural land of a holding that can serve different environmental targets and is therefore suitable for use in social agricultural areas where the environmental problem is not always the same.
Both standards, the national grassland standard and the LU standard, apply concurrently in an area designated for social agriculture. With regard to the LU standard, the obligation to hold a certain crop in order to be able to count the hectares does not apply. However, if the LU standard is met, the grassland standard will usually also be met, and in socially important agricultural areas, the LU standard is the

determining factor for the number of dairy cattle units that may be kept. As with the grassland standard, the number of LU is determined on the basis of the average annual milk yield as set out in the table in the proposed Article 21a, first paragraph, of the Fertilisers Act.

For specific peat meadow areas designated as social agricultural areas, the 1.5 LU/ha standard is less appropriate. Instead, for such areas, a higher grassland standard than the grassland standard set out in Article 21 of the Fertilisers Act is required as a rule that must in any case be set by provinces from 2034 onwards. This is regulated in the third paragraph of proposed Article 2.31b. In this way, it remains possible to encourage the maintenance of grassland in peatland areas where grass is mainly grown for the purpose of keeping dairy cattle and less arable farming takes place. The grassland standard must then be at least 0.50 hectares of grassland or arable land with other rest crops per LU and is therefore higher than the national grassland standard because of the special requirements in the area that have given rise to the designation of that area for social agriculture by environmental regulation.

Article II, part C

Article II, part C includes the possibility that lower nitrogen usage standards may be set in the environmental regulations with regard to social agricultural areas if this is deemed necessary for the specific social agricultural area in order to achieve the environmental quality objectives. The possibility to deviate from the nitrogen application standards established pursuant to Article 10 of the Fertilisers Act by environmental regulations only applies in areas designated as social agricultural areas. It is also stipulated that it is possible to set a higher grassland standard for dairy farmers in social agricultural areas through environmental regulations. A higher grassland standard means that a dairy farmer must have a higher number of hectares of grassland or arable land with other rest crops per LU. For peat meadows, Article 2.31b(3) of the Environment Act provides that in those areas, instead of a LU standard, a grassland standard of at least 0.50 hectares of grassland or arable land with cover crops other than grass per livestock unit shall apply as of 2034. Until 2034, it is possible under Article 4.19c(2) for provinces to set a higher grassland standard in all social agricultural areas. This option is also available for peat meadow areas designated as social agricultural areas, in anticipation of the obligation that will come into effect in 2034.

Article I, Part D

Three definitions are added to the definitions included in the appendix to the Environment Act in connection with the provisions for social agricultural areas in the Environment Act. First, the definition of the grassland standard, which refers to the standard for maintaining a minimum number of hectares of grassland or arable land with cover crops other than grass per LU, as provided for in Article 21 of the Fertilisers Act.

In addition, the definition of livestock unit has been added, which refers to determining the number of livestock units for dairy cattle from section 21a of the Fertilisers Act. The number of LU dairy cattle for the LU standard in social agricultural areas is then determined in the same way as for the grassland standard from the Fertilisers Act. Finally, a

definition of peat meadow area has been included.
Reference is made to the definition of peat soil, as set out in Article 1(1)(n) of the Fertilisers Act. For peat meadow areas, only areas in the provinces of Friesland, North Holland, South Holland and Utrecht are eligible.

Article IV

Article IV stipulates that a farmer must receive an appropriate financial contribution for activities carried out in areas designated as social farming areas. The second paragraph stipulates that, in order to receive this compensation, dairy cattle farmers must not keep more than 1.5 LU, calculated in accordance with the system set out in Section 21a of the Fertilisers Act, per hectare of agricultural land. In social agricultural areas (with the exception of designated peat meadow areas), this LU standard will only become mandatory from 2034 onwards, pursuant to Article II, Part B (although provinces may opt for such a standard earlier). However, before 2034, in order to receive compensation, dairy farmers will still be required to have no more than 1.5 LU dairy cattle/ha, regardless of whether or not the 1.5 LU dairy cattle/ha standard is currently set by provinces in anticipation of 2034. In other words, that condition of remuneration applies from the entry into force of that law. For this compensation, a scheme under or pursuant to a general administrative measure must be drawn up within the applicable State aid frameworks. The State aid aspects of that scheme are discussed in the explanatory notes to that scheme.

Article V

Article VI contains a concurrence provision with the Municipal Heat Transition Instruments Act. This concurrence concerns only the numbering of a part and has no substantive consequences.

Article VI

Article VI stipulates that the Act shall enter into force on a date to be determined by Royal Decree. See also paragraph 12 of the general part of the explanatory memorandum.

Article VII

Article VII proposes to give this legislative proposal a citation title, namely ‘Land-based Farming and Responsible Manure Disposal Act’.

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