fertilizers europe

Securing the future

FERTILIZERS AND THE FOOD CHAIN

2016/17
OVERVIEW

INFINITE FERTILIZERS

THE EUROPEAN **FERTILIZER INDUSTRY**

€ 12.3 BN*
turnover

€ 1.2 BN*
investment

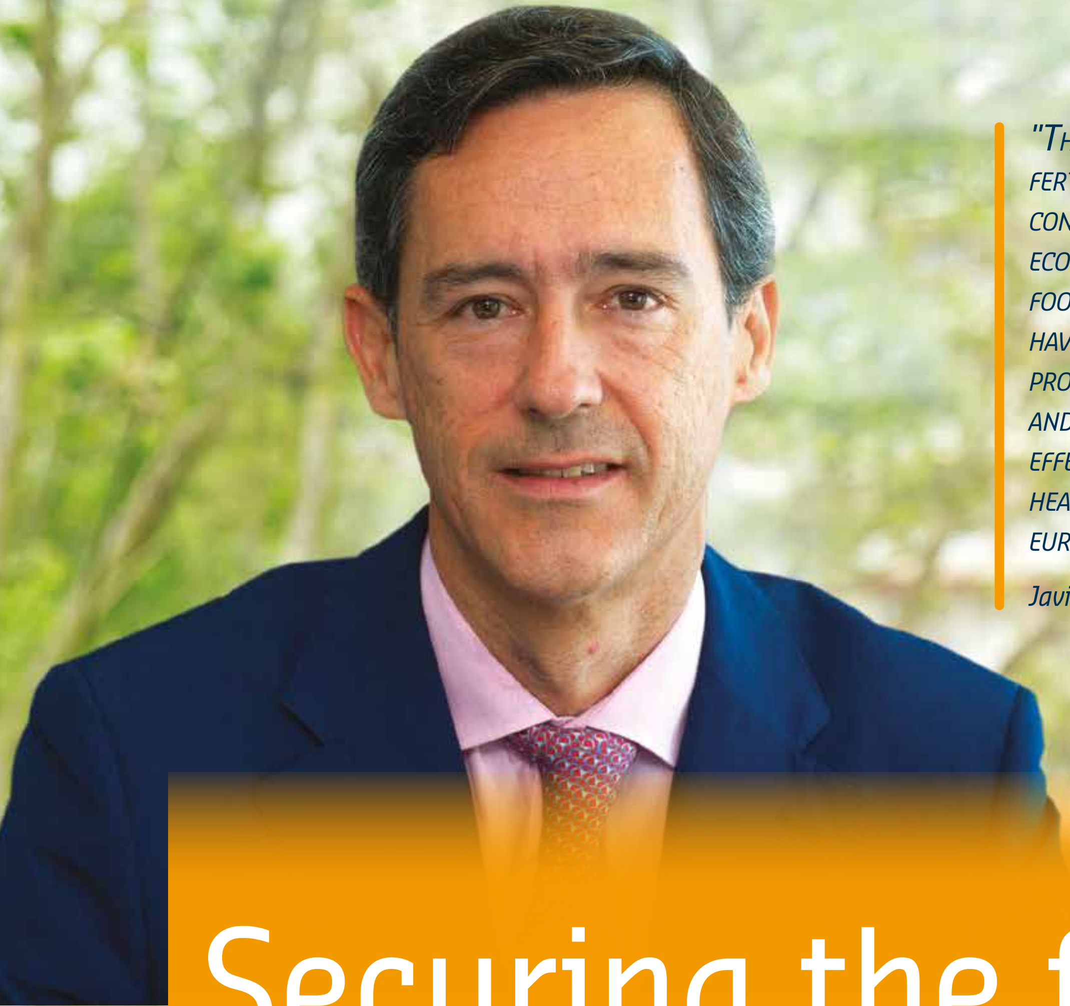
* annual average last 5 years

81,800*
employees

120+
production sites

€ 66.2M
R&D 2015 (members only)

Contents



"The overall aim of the European fertilizer industry is to be a strong contributor to the European economy and a key player in its food production chain. Yet, despite having the world's most efficient production, we face both regulatory and market-based challenges that effect the industry's long term health and its ability to support European farmers."

Javier Goñi del Cacho, President

Securing the future

"Fertilizers Europe's primary role is to safeguard the interests of the European industry, so 2016 has been a busy year for us. It has required a sustained programme of contact with the European institutions and other organizations."

Jacob Hansen, Director General

Javier Goñi del Cacho, President of Fertilizers Europe, and Jacob Hansen, Director General, discuss the main issues facing the European fertilizer industry and Fertilizers Europe's activities to support the industry and ensure the sustainability of European food production.

JAVIER GOÑI DEL CACHO: From a regulatory perspective, our main immediate challenges include the next stage of the EU's Emission Trading Scheme (ETS) and the new Fertilizer Regulation. Increasing imports of low quality commodity products as a result of a weak global fertilizer market is also strongly affecting our industry.

These issues have required a sustained programme of contact with the European institutions and other local and regional bodies in addition to Fertilizers Europe's on-going business of providing industry statistics, running Product Stewardship and safety seminars, monitoring the gas and other markets, and so forth.

JACOB HANSEN: I would also like to highlight our communications activities with the agri-food chain and the general public under the Infinite Fertilizers and the Global Fertilizer Day banners. Our Infinite Fertilizers Product and Nutrient Stewardship publications are fundamental to our efforts to increase general awareness of mineral fertilizers' contribution to the European economy, of the low environmental impact of their production and use, and of the European industry's leadership in product innovation.

"2016 saw Fertilizers Europe's representation of the industry expand with the admission of Greek fertilizer producer Hellagrolip to the association last June."

Global Fertilizer Day was a worldwide initiative highlighting the value of fertilizers to the wellbeing of our planet. The public needs to know that without mineral fertilizers half the world's population would not be fed. The day had significant media impact. This year, a special activity has been our Product Stewardship audit.

JAVIER GOÑI DEL CACHO: One benefit of the investments made by European fertilizer producers is that production here now has a far lower carbon footprint than elsewhere in the world. Yet, at the same time, instruments such as ETS threaten both carbon and investment leakage. Our objective as far as the new ETS IV (2021-2030) targets are concerned is to minimize this leakage.

Over the past 18 months we have presented our case at many levels across the European institutions. Major events have been our meeting with EU Climate Action & Energy Commissioner Miguel Arias Cañete; participating in the formal hearings at the European Parliament and directly presenting our arguments, including the treatment of process emissions, to the parliamentary committees in Strasbourg charged with ETS.

"Although we did not get everything we wanted, our audiences generally understood and appreciated our concerns. The outcome has been a package of measures that is better adapted to the needs of the industry."

JACOB HANSEN: Discussions on the proposed new Fertilizer Regulation started at the Council and Parliament in October 2016. The proposed legislation on the content

and labelling of fertilizers extends the scope of the 2003 Fertilizer Regulation to many other types of fertilizing product and encourages the use of recycled materials in support of the circular economy.

JAVIER GOÑI DEL CACHO: Our objective for the new Regulation is to ensure that it maintains and builds on the positive aspects of the 2003 legislation so that mineral fertilizers can compete on a level playing field based on product quality and the latest scientific knowledge. This will allow Europe's farmers to make intelligent choices about the products they use and be certain of the benefits they provide.

"We believe that mineral fertilizers have an important role in the green economy. We strive to provide farmers with products that provide real agronomic benefits and focus on our relationships within the agri-food sector to promote their efficient use."

We have had a good general response to our arguments at a political level but many more technical issues still need attention. A number of basic issues concerning product terminology and quality standards remain to be resolved. More controversial are new limits on contaminants, such as for cadmium in phosphate fertilizers, which will create major difficulties for European producers of these products.

JACOB HANSEN: We have maintained a regular dialogue with the various committees within the European Parliament over our concerns. Events included a round-table

Jacob Hansen and MEP Peter Jahr consider the new Fertilizer Regulation at the Fertilizer Forum in the Parliament.

Javier Goñi del Cacho addresses MEPs during an ETS dinner debate with the European Energy Forum in Strasbourg.

"In the last part of the year, we hosted, or actively participated in, a number of events to explain our point-of-view on the new proposals to MEPs."

breakfast for MEPs at the end of September, a hearing organized by the Internal Market (IMCO) Committee at the Parliament in October and a day-long discussion of the issues at our Scotland House conference in Brussels in November.

Further activities were carried out in 2017, such as a hearing with the Environment (ENVI) Committee and a breakfast meeting in April with all the main MEPs. We continue to meet with MEPs and representatives of Member States. We also mobilized our members to support our efforts at national government level.

JAVIER GOÑI DEL CACHO: Our activities have taken place against the backdrop of a global fertilizer oversupply which has impacted European trade. European farmers remained cautious going into 2016 as fertilizer production looked set to increase in North Africa, backed by lower energy prices. In the second half of the year, however, China's coal and urea plant closures reduced global exports and caused European market prices to rally.

"Despite the higher quality of our products, we have seen a growth in imports of urea from countries such as Russia, Algeria and Egypt."

Issues such as China's WTO Market Economy Status, a new round of discussions on trade defence instruments, and tariff reductions for Ukraine have moved fertilizer trade policy to centre stage.

Our objective in trade deals, as with the new Fertilizer Regulation, is to promote a level playing field for our products based on quality.

JACOB HANSEN: Infinite Fertilizers encapsulates the industry's view that it is not only responsible for its products' quality, safety, security and environmental impact during production and distribution, but also for their efficient use and reuse within the agri-food chain.

"Infinite Fertilizers acts as an umbrella for our Product Stewardship Program and our promotion of nutrient-use efficiency and good agricultural practice."

JAVIER GOÑI DEL CACHO: Product Stewardship is a very important industry responsibility and we are proud that our program is globally recognized as one of the best in the industry.

> "Product Stewardship goes beyond the certificate. It is a discipline that is alive inside all our member companies and operations, ensuring best practice in everything we do."

The independent audit in early 2017 has ensured that all our members are in compliance with the program (for further details: see page 9). Product Stewardship is a constant focus and continually develops to improve our value chain.

JACOB HANSEN: Europe's farmers are our end-customers, so naturally many of our promotional activities are aimed at supporting them, as well as reaching a wider audience. We therefore actively participated in the bi-annual COPA-COGECA European conference in Athens in 2016.

In October we organized the first ever Global Fertilizer Day, highlighting the importance of mineral fertilizers to food production. The European launch was supported by events in the USA and Canada. We continued to promote this message at the annual FFA (Forum for the Future of Agriculture) conference in March this year.

JAVIER GOÑI DEL CACHO: Finally, over the past 12 months we have welcomed several new faces to the Fertilizers Europe Board.

> "A new Board for the 2017/2019 period will be elected at our Annual Assembly in Madrid in June."

I would like to take this opportunity to thank all those involved for their support and their work on behalf of our various committees and workgroups. I would also like to formally welcome our new member Hellagrolip, who has extend our industry representation in the Greek region.

JACOB HANSEN: Our members continue to take an active interest in our activities and to make a significant contribution to the success of Fertilizers Europe. I also thank them for the time they have devoted to the association. Their efforts, combined with those of the whole Fertilizers Europe team in Brussels, have meant that our activities over the past year have continued to have a significant and positive impact on the future of the industry.

GLOBAL FERTILIZER DAY 2016

FERTILIZERS EUROPE IS THE FIRST ORGANIZER OF GLOBAL FERTILIZER DAY, WHICH WAS LAUNCHED WITH A TWO DAY PROGRAMME IN THE UK IN OCTOBER AIMED AT THE INTERNATIONAL AGRICULTURAL PRESS. PREPARATORY WORK INCLUDED DEVELOPMENT OF A VISUAL IDENTITY FOR THE DAY AND AN ONLINE CAMPAIGN TO CREATE BROADER AWARENESS OF ITS SIGNIFICANCE.

ROTHAMSTED RESEARCH CENTRE HARPENDEN, UK

The first day of activities was based around an educational visit for a select group from the European Network of Agricultural Journalists to Rothamsted Research Centre, the world's oldest continuous soil and crop experimental centre. Here, the group were led through the experimental archives and the historic process of collecting soil and grain samples and visited the current trial areas. The Centre houses regular samples dating back to the middle of the 1800's.

THE FARMERS CLUB, LONDON

On the London Eye

The official launch of Global Fertilizer Day was celebrated with a reception at London's Farmers Club, also attended by Fertilizers Europe member companies and members of the International Fertiliser Society (IFS). These international experts led discussions on how to clarify the significance of fertilizers within the food chain with the public in Europe and how to improve the general perception of the industry. The reception was followed by an informal networking event at the nearby "London Eye".

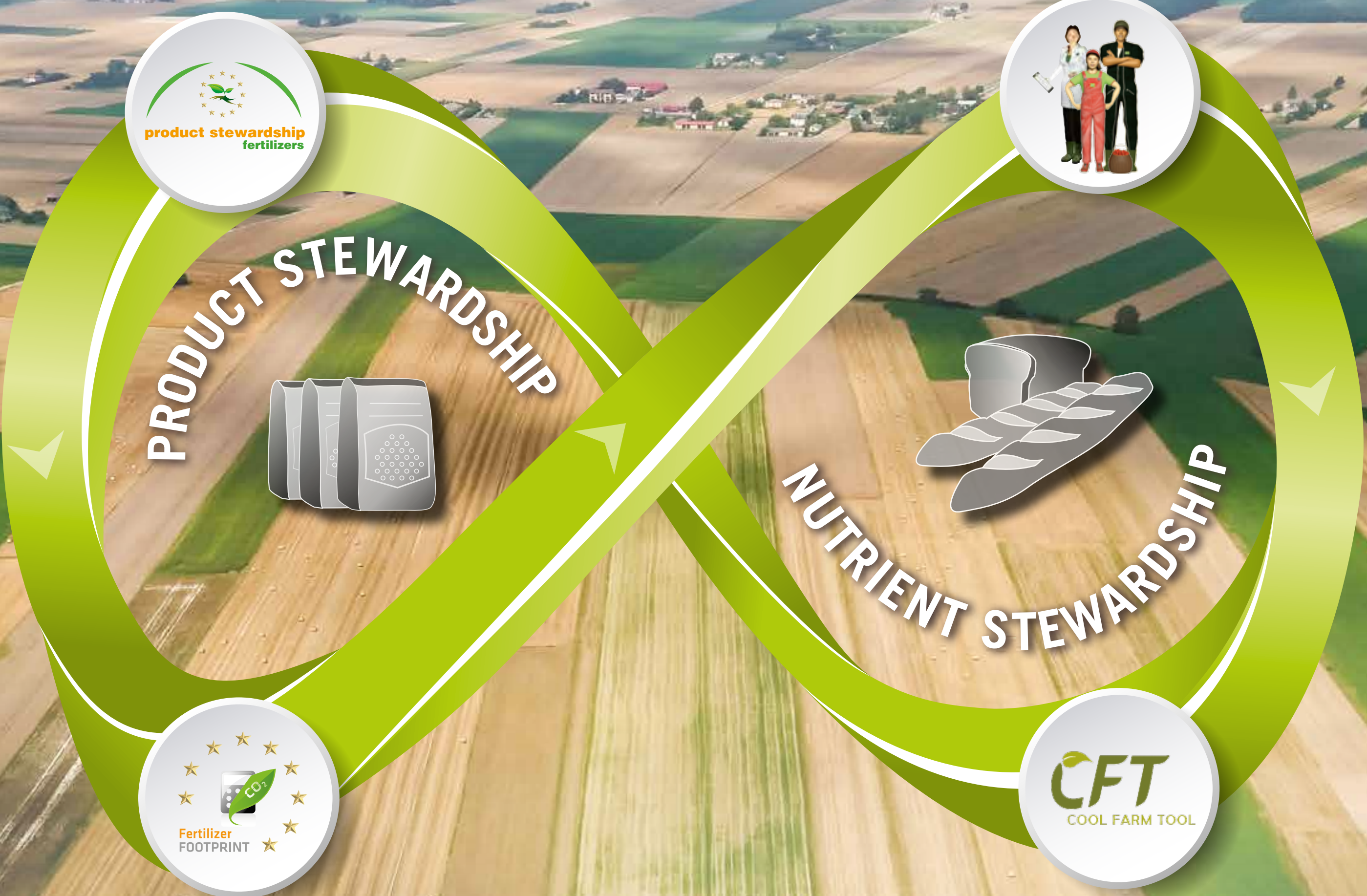
The event was an overall success, both as far as the media impact of the official launch was concerned and the positive reception to the Day on social media.

Infinite Fertilizers

INFINITE FERTILIZERS GUIDES THE EUROPEAN FERTILIZER INDUSTRY'S PRODUCT AND NUTRIENT STEWARDSHIP ACTIVITIES. THESE ENSURE THAT EUROPE'S FARMERS HAVE UNINTERRUPTED ACCESS TO A VARIETY OF SAFE, HIGH QUALITY, LOCALLY PRODUCED PRODUCTS, AS WELL AS INFORMATION ON THEIR CORRECT USE, ENVIRONMENTAL IMPACT AND NUTRIENT RECYCLING OPPORTUNITIES.

Our Product Stewardship Program sets the highest global standards for quality, safety, security and environmental impact in fertilizer production and distribution.

Our information campaigns ensure the correct selection and use of fertilizers by Europe's farmers.



Our carbon footprint calculator allows fertilizer producers to measure and manage their energy use and emissions.

The Cool Farm Tool enables farmers and food producers to calculate and evaluate environmental emissions.

product stewardship fertilizers

Product Stewardship audit

Product Stewardship is Fertilizers Europe's management system that establishes and enhances quality, safety, security, health and environment performance throughout the supply chain: from the purchase of raw materials to the storage and sale of the final products to distributors and farmers. The program is recognised as being at the highest level by the International Fertilizer Industry Association (IFA).

The Product Stewardship Program is compulsory for Fertilizers Europe's member companies and provides an excellent management tool to improve company performance and the image of the fertilizer industry. It requires member companies to undergo an independent audit of their compliance with the program every three years.

The audit covers all levels of management and all areas within the company - research, production, logistics, etc. Information is provided by self-evaluation questionnaires and is verified by the auditors up and down the management chain and within selected plants. Individual and summary reports detail any non-compliance, as well as highlight good practices. For the 2017 audit, special focus areas were security and logistics.

In addition to its Audit and Training Manuals, Fertilizers Europe publishes several Guidance publications that are considered references in the field both by industry and legislators. They are also often used by authorities as reference points in discussions and can be found at the official Product Stewardship section on Fertilizers Europe website.

AUDIT SCHEDULE

The 2017 audit cycle started in October 2016 with a two-day training session for member companies in Brussels, organized in collaboration with this year's auditors DNV Belgium. The audit process took place between January and the end of April and the final summary report was received by Fertilizers Europe in May. Successful companies will receive Product Stewardship Certificates at an awards ceremony at the Fertilizers Europe Annual Assembly in Madrid in June.

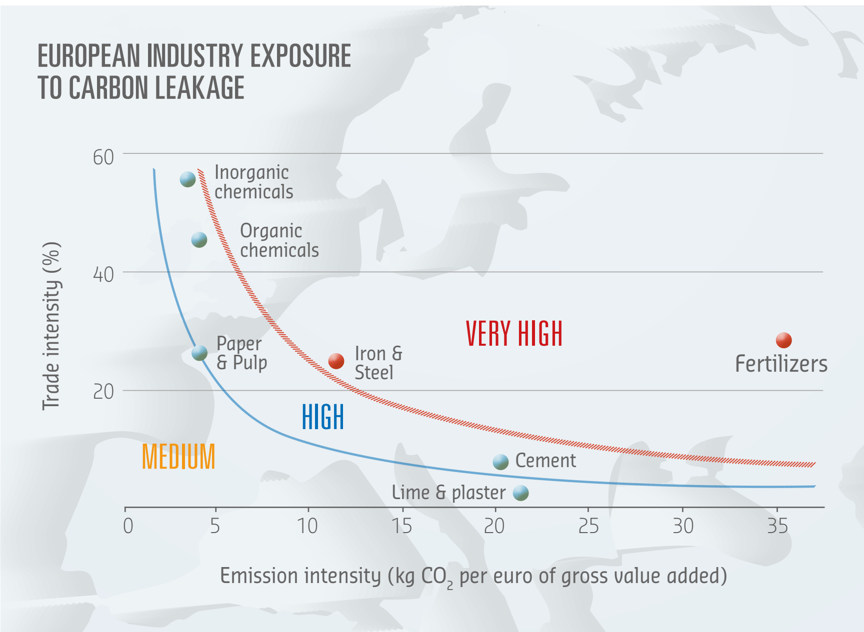
Fertilizers Europe's Technical Committee Product Stewardship Task Force is due to meet after completion of the audit to discuss the process and benefit from the information obtained. In addition to working on improving the audit support and guidance documents, it will evaluate the possibility of developing a logistics module for organizations further along the supply chain, such as ports, distributors, etc.

Fertilizers Europe Technical Director Antoine Hoxha introduces the audit training session.

Reducing our environmental footprint

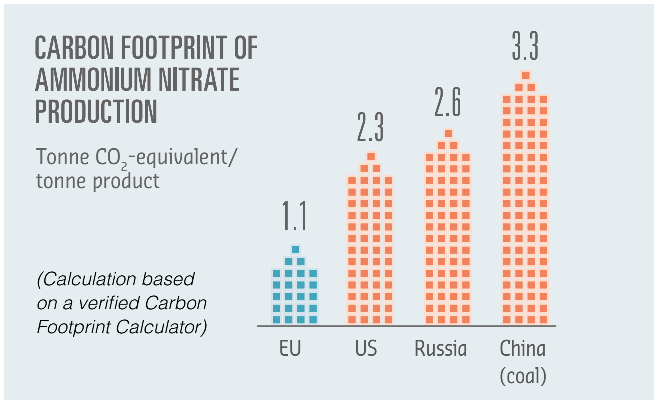
THE EU'S INCREASINGLY STRICT ENVIRONMENTAL REGULATIONS CHALLENGE EUROPEAN MINERAL FERTILIZER PRODUCERS TO REMAIN COMPETIVE IN THE GLOBAL FERTILIZER MARKET.

Mineral fertilizer production is large scale. Each year the industry transforms millions of tonnes of natural raw materials - principally air, water, natural gas, phosphate and potash ores - into practical, effective products that are widely used by Europe's farmers to provide the essential nutrients their crops require. However, the industry's production processes are energy-intensive, with high levels of process emissions.



Manufacture of nitrogen fertilizers, the most important product group, is based on ammonia. This is mixed with nitric acid to make nitrate-based products or with liquid carbon dioxide to create urea.

Ammonia (NH_3) is produced via the Haber-Bosch process, which combines nitrogen from the air with hydrogen created by reacting natural gas with steam at very high temperature and pressure. The reaction produces carbon dioxide (CO_2) as a by-product. The industry also uses gas to power the process, which accounts for approximately one third of the total gas used, and it is Europe's largest industrial user.



Continued industry investment means that European mineral fertilizer producers have the lowest carbon footprint of the worldwide industry. Their ammonia plants are, by and large, the most energy-efficient and the most of their nitric acid facilities are fitted with modern emissions abatement technology.

CARBON LEAKAGE

European fertilizer producers have significantly upgraded their operations to comply with the targets of the present EU Emissions Trading Scheme (ETS III: 2013-2020). The scope for further major improvements at many of its plants is therefore now limited by current process technology.

The European Commission's proposed targets for the next phase of ETS (ETS IV: 2021-2030) are based on a 40% reduction in overall emissions. These targets will be difficult to meet and subject a large part of the industry to a direct carbon cost. Competitors in other regions of the world will not face this cost and it will be difficult for the industry to then pass it on in a competitive market.

Several studies show that ETS has already led to both carbon and investment leakage within the industry* and the Commission's own impact assessment places the industry at the highest risk. Without some form of relief, the targets for ETS IV are likely to lead to further leakage. This may well ultimately result in higher emissions from less efficient producers elsewhere, defeating the overall aim of EU climate change policy.

A FAIRER APPROACH

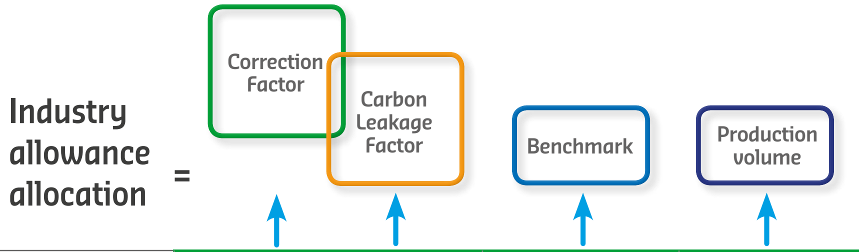
Under current ETS procedure, an industry exposed to carbon leakage is entitled to free emissions allowances up to benchmark based on the average emissions of its 10% best performing plants. An annual correction factor has then been applied to ensure that the cap diminishes over time.

A recent study by consultants ECOFYS shows that, since the beginning of ETS III, the mineral fertilizer industry has been allocated a significantly lower allowance balance relative to other industrial sectors and that it already experiences the impact of a direct carbon cost (see graph opposite). The study states that fertilizers and iron and steel are the only two of the seven industrial sectors assessed that will have a negative balance of emissions allowances by the end of ETS III. All other sectors are expected to carry forward a positive balance.

In order to more fairly reflect the economic and competitive situations faced by different EU industry sectors and allow them to grow, the fertilizer industry is advocating an approach that provides more flexibility within the proposed ETS IV targets.

Differentiation of the main elements on which the allowance allocations are calculated - benchmark, sector correction and carbon leakage factors - will more closely link a sector's carbon leakage protection to its risk exposure and ensure that free allocations better reflect achievable technological progress.

The industry's concerns have been recognized by all the EU institutions and have been partly taken into account in their respective positions on ETS. Their positions, however, are not united although it should be underlined that the European Parliament successfully voted on all three of the industry's objectives - a lower flat rate benchmark, full protection from any potential sector correction factor and an additional allocation from new entrants' reserves.

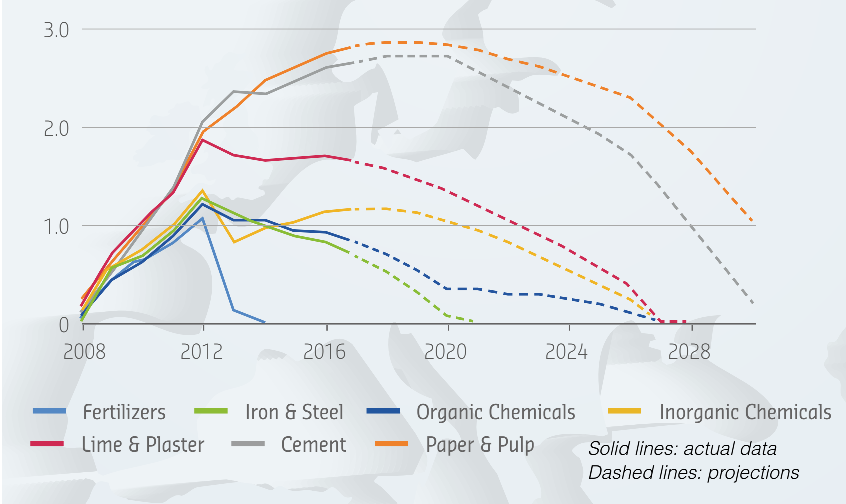


	Differentiation	4 flat rates	Dynamic
Advantage	Links protection to risk exposure	Reflects technological reality	Keeps production in Europe

MEASURES SUPPORTED BY THE INDUSTRY

- **Differentiated sector correction and carbon leakage factors:** the binary correction factor proposed by the European Parliament ("Duncan mechanism") stipulates that if there is shortage of free allowances, a certain share (5%) of the allowances that would be otherwise auctioned by Member States are transferred to the industry free allocation. If there is still a shortage, a correction factor will be applied, except to those sectors at very high risk of carbon leakage (in practice fertilizers and the iron and steel industries).
- **Industry benchmarks:** apply an additional lower annual flat rate benchmark reduction rate of 0.2% per year when there is no improvement in the performance of an industry's best plants.
- **Production increases**: grant an additional allocation of free allowances from new entrants' reserves to any company that increases its production by 5% or more.

NUMBER OF YEARS COVERED BY SURPLUS OF FREE ALLOWANCES (ECOFYS, 2017)



Final negotiations between the Council, European Commission and Parliament started in April and are likely to be finalized in the second half of the year. Fertilizers Europe is focusing its arguments on key players in the negotiations.

*e.g. Carbon leakage in the nitrogen fertilizer industry: Copenhagen Economics, 2015.

High quality fertilization

THE EU'S NEW FERTILIZER REGULATION MUST MAINTAIN FERTILIZER QUALITY. EUROPE'S FARMERS RELY ON HIGH QUALITY MINERAL FERTILIZERS TO PRODUCE THE FOOD THAT EUROPE NEEDS AND TO CONTRIBUTE TO THE REQUIREMENTS OF A GROWING WORLD POPULATION.

The aim of the European Commission's new Fertilizer Regulation is to harmonize the definitions and quality standards for all type of fertilizer that can be traded in the EU. In addition to mineral fertilizers and blended products, the Regulation covers organic and organo-mineral products, liming materials, soil improvers, growing media, agronomic additives and plant bio-stimulants.

By defining common quality, safety and labelling requirements, the new Regulation aims to create a single market for fertilizers, expand the circular economy and address the environmental impact of fertilizer use.

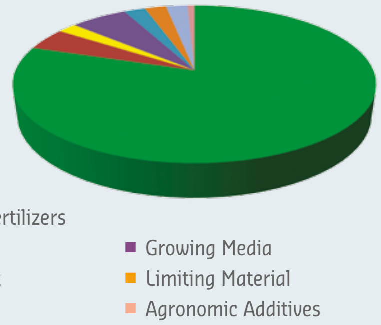
The new Regulation will replace the existing Regulation EC 2003/2003. Once adopted, after a suitable transition period, it will be directly applicable without needing to be transposed into national laws.

THE FERTILIZER MARKET

European mineral fertilizer producers offer a large variety of high quality products with tightly defined nutrient release profiles. Their predictable effect on crop yields, agronomic efficiency, flexible application and ease of transport make them by far the most important market category. They are widely used by Europe's farmers to provide highly effective crop nutrition suited to European soils and climatic conditions.

Mineral fertilizers provide a practical way for farmers to increase nutrients in the soil and supplement those supplied by farm-derived organic material such as composts, manures and slurries. Because of their less predictable profiles, limited nutrient levels and high water content, these organic materials are primarily used locally. Only small amounts are traded on the fertilizer market.

MARKET VALUE OF FERTILIZING PRODUCTS (%)



Source: European Commission

MAINTAINING PRODUCT QUALITY

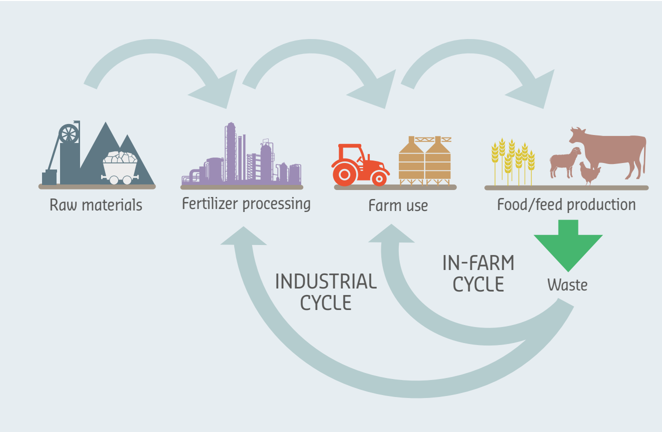
Fertilizers Europe's goal is to ensure that the Regulation's market rules work for mineral fertilizers and that the new framework reflects the volume and quality of the fertilization they provide. It is vital that the new Regulation does not dilute the quality standards set by the earlier 2003 legislation. Products need clear and precise definitions of their composition, agronomic efficacy and level of plant-available nutrients to ensure they meet farmers' expectations.

Defining a mineral fertilizer as "containing nutrients in a mineral form or processed into a mineral form" will maintain quality standards, while opening the door to the use of secondary-based components. To guarantee the nutritional quality of phosphate fertilizers, minimum solubility levels need to be set to ensure their availability to crops.

FOSTERING NUTRIENT RECYCLING

The Commission's circular economy package aims to extend the unrestricted movement of recovered nutrients on the internal market. The actions proposed contribute to "closing the loop" through greater product recycling and re-use, bringing both economic and environmental benefits.

The Regulation sets out common rules on converting bio-waste into raw materials for fertilizer manufacture. Agronomic efficacy and limits on organic and microbial contaminants and physical impurities need to be ensured, however, so that farmers can be certain that products add nutritional value.



The fertilizer industry has optimized the use of by-products and industrially recycled materials over many years. Today, nearly all the sulphuric acid used in phosphate fertilizer production is a by-product from oil refining, chimney scrubber gases, spent iron and steel pickling fluids and other industrial processes. Many NPK fertilizers on the market use ammonium sulphate which is a by-product from the production of caprolactam, a precursor in the manufacture of nylon.

CONTINUED PRODUCT AVAILABILITY

The new Regulation should also ensure the future of existing products such as European-produced phosphate fertilizers and controlled release products, which are widely-used by outdoor nurseries in ornamental horticulture and specialty agriculture.

Sources of phosphate rock with low levels of impurities are limited. Over-strict limits on cadmium (Cd) would limit the sourcing possibilities of European producers dramatically. The latest research into cadmium accumulation in the soil shows that fertilizers containing 80 mg Cd/kg of P_2O_5 do not contribute to significant accumulation.*

Fertilizers Europe has adopted a balanced position to ensure the continued availability of European-produced products, as well as the reduction of cadmium accumulation in the soil. It supports a maximum limit of 60 mg Cd/kg P_2O_5 or higher, which would immediately lead to an average of around 30 mg Cd/kg P_2O_5 in the soil, well below the value identified as causing accumulation.

INDUSTRY PRIORITIES FOR THE NEW REGULATION

- **Set a framework that guarantees high quality mineral fertilizers to farmers in Europe - this is what they expect.**
- **Continue current practices in the mineral fertilizer sector which are contributing to the circular economy.**
- **Respect a balance between environmental protection, technical feasibility and sourcing reality to maintain the operation and profitability of European manufacturers.**

For the coatings of controlled release fertilizers, the new Regulation proposes biodegradability requirements that are currently impossible to meet - time is needed to develop suitable standards. In the meantime, these popular products would become unavailable on the internal market. Fertilizers Europe advocates an impact assessment of the proposed measure as a first step towards developing sustainable standards.

INTERNAL MARKET

Finally, fertilizer manufacturers need an effective path to be able to sell their products on the internal market. Reporting and transition periods and partial harmonization are particularly important for producers who deliver a large number of formulas tailored to specific crop uses. Simplifying bureaucracy should be a prime objective of the Regulation.

LEGISLATIVE PROGRESS

The draft Regulation arrived at the European Council and Parliament for discussion in 2016.

SInce then, the Parliament has shown a balanced approach to addressing the industry's concerns. Product quality, contaminants, innovation and the circular economy have all been addressed. A single limit for cadmium of 60 mg Cd/kg P_2O_5 has been proposed, with a review after 12 years. A number of improvements regarding the internal market have also been tabled. In the Council, Member States are still trying to reach agreement on several issues. Three approaches to cadmium have emerged which will require further discussion.

Fertilizers Europe continues to secure further support for our amendments. Final agreement could be reached by the end of the year, with the Regulation coming into force in 2018.

Prof. E. Smolders, KU Leuven, IFS Proceedings 724.

Maintaining a level playing field

EUROPEAN FERTILIZER PRODUCERS OPERATE IN A MARKET INFLUENCED BY BOTH GLOBAL AND EUROPEAN COMMERCIAL CONDITIONS. EU TRADE POLICY ON ISSUES SUCH AS THE GAS MARKET, CHINA'S MARKET ECONOMY STATUS AND FERTILIZER TARIFFS HAVE BECOME INCREASINGLY IMPORTANT.

The past year was challenging for European fertilizer producers. Continued cautious farmer spending at the start of 2016 coincided with anticipated increases in fertilizer production in North Africa, backed by lower energy prices. This weakened the market at the bottom of the business cycle and resulted in a drop in prices across the board. In the second half of the year, however, lower global production, primarily due to China's extensive programme of coal and urea plant closures, caused a recovery in prices, albeit at lower levels than before the start of the year.

In recent years, China's nitrogen fertilizers, particularly urea, have dominated global markets. China has now started cleaning up its environment and re-structuring its fertilizer sector, with the benefits already being felt around the world. In Europe, however, imports of lower grade products from countries such as Russia, Algeria and Egypt continue to increase steadily.

GAS SECURITY - MOVING CLOSER

With production of nitrogen-based fertilizers in Europe dependent on natural gas, continued progress towards a competitive unified gas market is welcome. Experts at Fertilizers Europe's 2017 gas seminar reported significant advances in European market integration and efficiency.

Negotiations between the European institutions on the 2nd Security of Supply Regulation have largely been harmonious and the new Regulation is likely to be agreed by the middle of the year. Approval of the Nord Stream II pipeline and the prospect of a greater gas supply from Russia have not been allowed to slow down progress of the Regulation.

An increasingly diversified gas supply from countries such as Norway and Algeria and the continued development of infrastructure to handle shipments of LNG from around the world demonstrate that there is no shortage of gas globally and projections of gas bubbles in Russia and in LNG globally are beginning to materialise.

CORRECTING MARKET DISTORTIONS

The European Commission's November proposal on China's Market Economy Status (MES) aims at correcting structural market distortions arising from state intervention. China has been a member of the WTO for past 15 years and with MES status it wants to be free from the "country analogue" method for identifying market distortions. EU industry wants trade defence maintained and strengthened to correct massive Chinese production overcapacity.

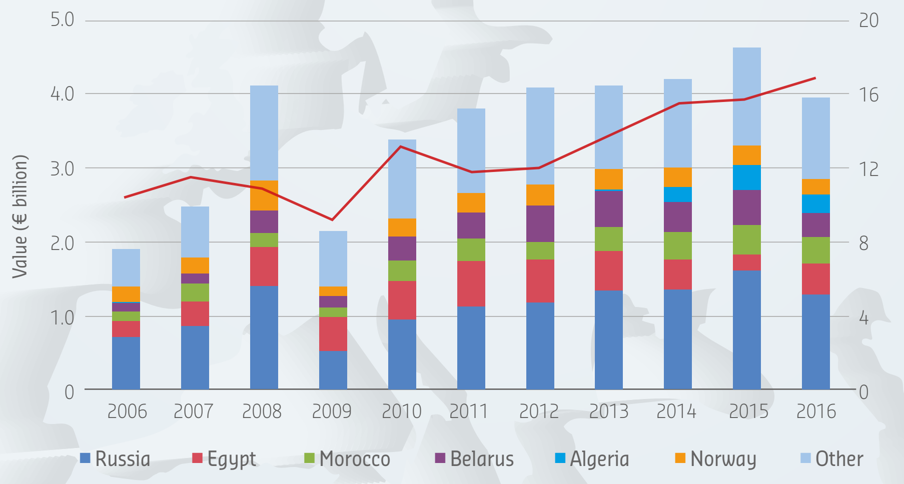
The EC proposal tries to strike a balance between making basic EU anti-dumping legislation WTO compliant and providing the EU with effective trade defence instruments. The most important change is the introduction of new anti-dumping methodology to capture market distortions with "market economy testing" of all factors and costs of production. In circumstances where domestic prices and costs do not provide a reasonable basis to determine normal value, this can be constructed on the basis of production and sales costs that reflect undistorted prices or benchmarks.

The proposal foresees a “grandfathering” transition to the new methodology, which is due to be introduced in mid-2018.

DEFENDING COST ADJUSTMENT

Attacks continue at the General Court in Luxembourg and at the WTO on the EC's use of "cost adjustments", with cases brought by Argentina and Indonesia on bio-diesel and by Russia on ammonium nitrate (AN). In October, the WTO ruled that the EC had supplied insufficient

VOLUME OF EU-28 FERTILIZER IMPORTS AND VALUE BY COUNTRY (EUROSTAT)



In 2016, Europe imported 17 million tons of fertilizers worth some €4 billion. Urea led the field at €1bn, followed by potassium chloride (MOP) at €0.7bn. Russia has been the main beneficiary of the EU's increase in imports, jointly followed by Egypt and Morocco.

evidence to justify use of "cost adjustment" methodology for bio-diesel. However, the Luxembourg Court sustained its earlier approval the "gas adjustment" for AN as a good example where material evidence and effects were clearly shown and prove that state intervention resulted in artificially low non-market gas costs.

Russia lodged its dispute settlement complaint on AN pricing at the WTO in 2014, arguing against the "adjusted cost" based on Russian "market gas" at the Waidhaus hub on the Czech/German border. After the long delay, the proceedings are expected to accelerate after the WTO's ruling on biodiesel. Earlier in the year, EU Trade Commissioner Cecilia Malmström advised Fertilizers Europe that the Commission had every intent to defend the cost adjustment.

MAINTAINING TARIFFS

The EU-Ukraine trade agreement (DCFTA) outlaws state-fixed and dual gas pricing and sets out a seven-year schedule to reduce the EU's 6.5% common customs tariff on fertilizers. However, in September 2016 the European Commission tabled proposals to cut tariffs on a package of agricultural and industrial products from Ukraine over a period of three years. It proposes zero rating fertilizers such ammonium sulphate, calcium ammonium nitrate, sodium nitrate, NPK and NP, and cutting the tariff on urea to 3%.

Trading records show an increasing volume of imports of Ukrainian urea in several EU countries and aggressive price undercutting. Furthermore, since the Ukrainian fertilizer industry is largely run by big corporations or the state, the tariff reductions will not necessarily benefit Ukrainian SMEs or the local population, contrary to the objectives of the Commission proposal.

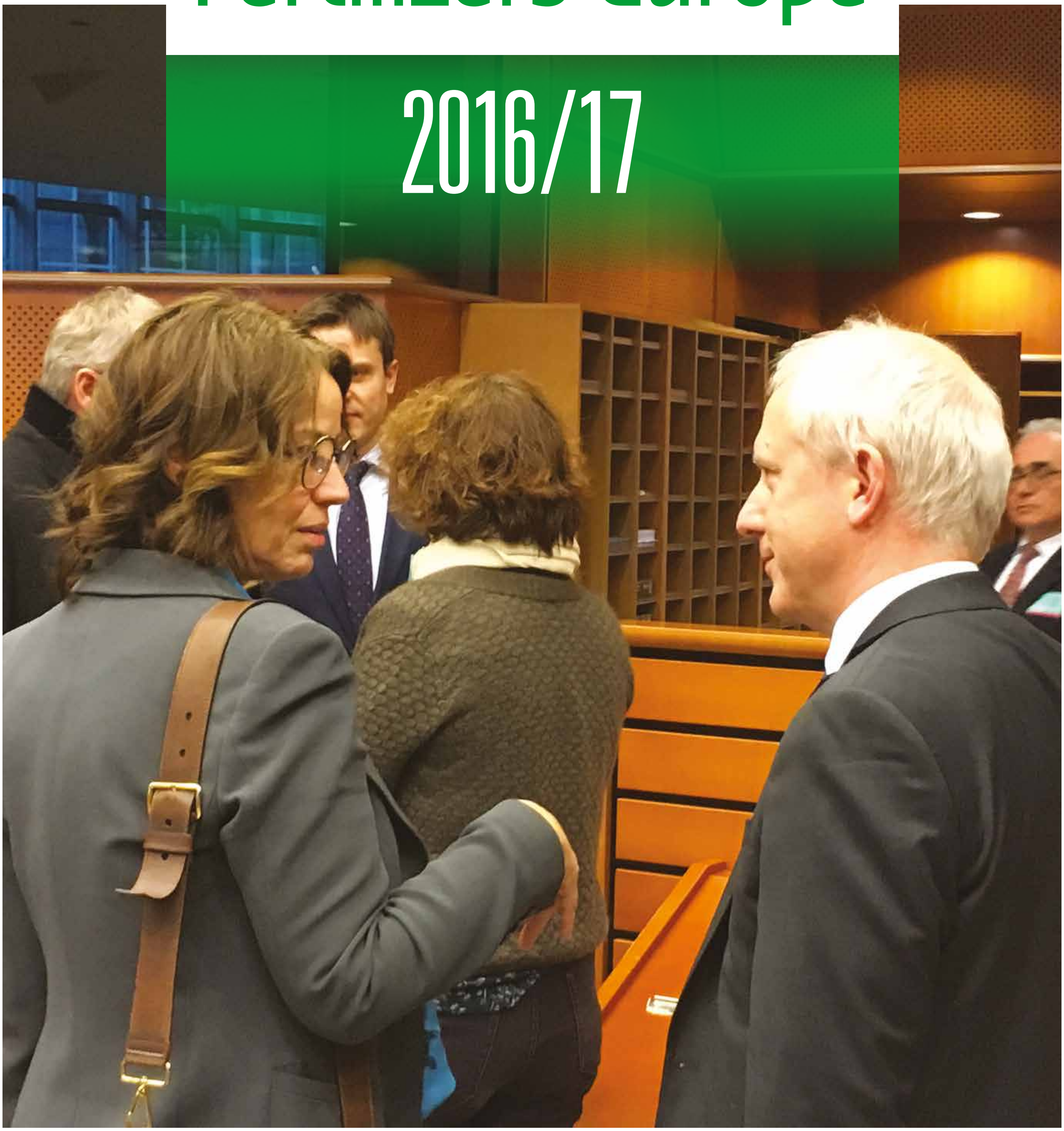
Fertilizers Europe has argued for the maintenance of the current DCFTA tariff schedule. Our argument is supported by a long history of Ukrainian dumping of AN, UAN and urea on the European market and local dumping of "export type product" whenever it is needed by Ukrainian farmers.

The EC's tariff reduction package has been progressing through the European Council and Parliament since December 2016 and our proposed amendments have been tabled by a group of MEPs. In the meantime, the Commission has further emphasised its desire to improve Ukrainian access to relevant EU markets.

Ahead the Parliament's International Trade (INTA) Committee vote in May, Fertilizers Europe has sought further support for maintaining the DCFTA's seven-year tariff reduction schedule for urea.

Fertilizers Europe

2016/17



European Parliament ENVI Committee member MEP Elisabetta Gardini and Jacob Hansen discuss the new Fertilizer Regulation at a meeting in the Parliament.

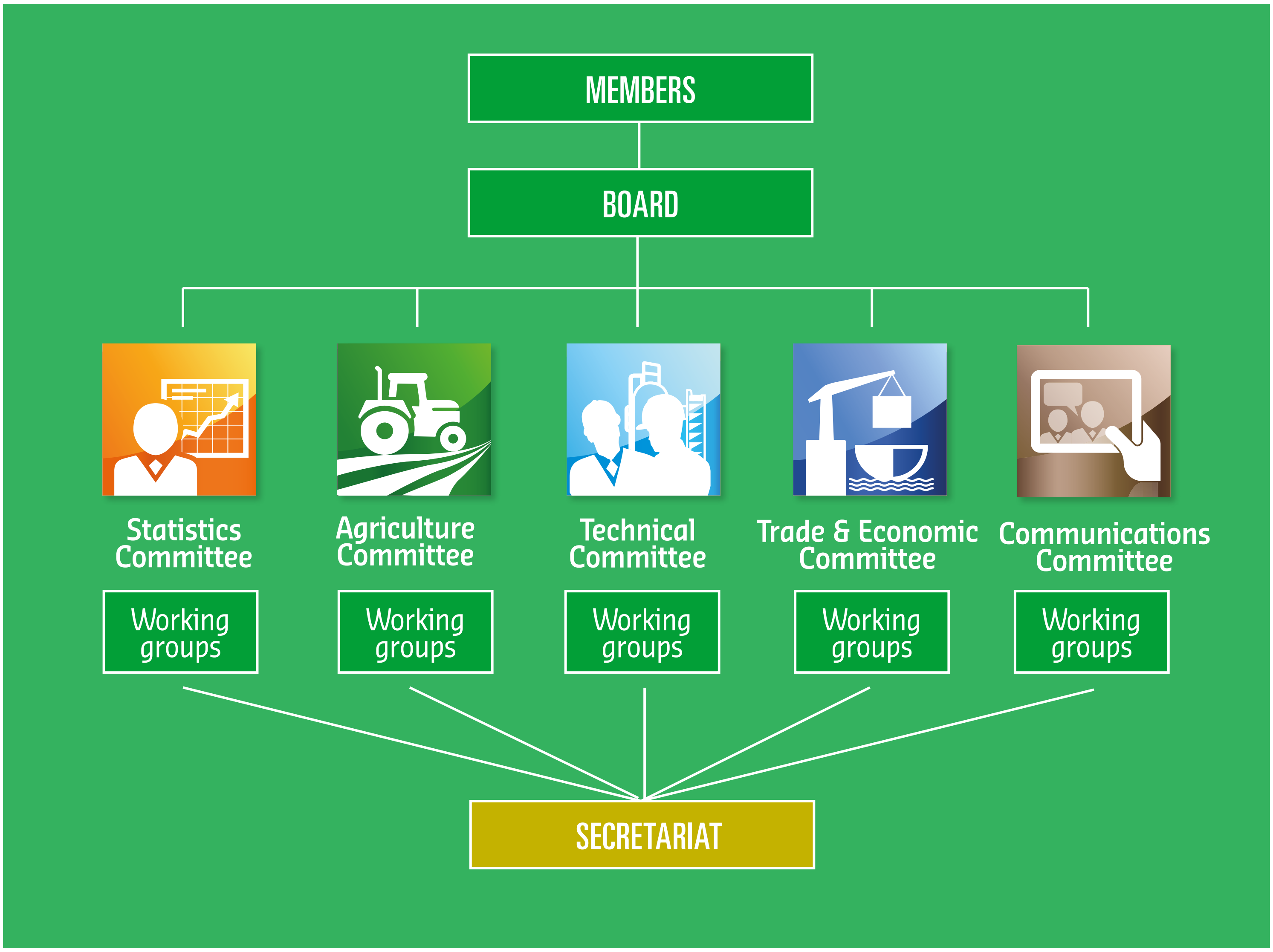
Representing European fertilizer producers

Fertilizers Europe represents the interests of the majority of mineral fertilizer manufacturers in the European Union. The association's membership comprises 16 fertilizer manufacturers from countries across the Union and eight national fertilizer associations.

The association communicates with a wide variety of stakeholders, institutions, European and national policy-makers and members of the general public who seek information on fertilizer products and application technology and topics relating to today's agricultural, environmental and economic challenges.

Fertilizers Europe 's activities are directed by its President and Board, who are elected by its general assembly of members. Its day-to-day business is primarily carried out through five committees and various working groups and task forces.

The small, professional secretariat in Brussels supports the association's committees and working groups under the guidance of the committee chairmen and vice-chairmen and manages Fertilizer Europe's activities. It also acts as its main interface with stakeholders.



Fertilizers Europe members

CORPORATE

AB Achema
Lithuania

Borealis AG
Austria

Grupa Azoty SA
Poland

Nitrogénmüvek Zrt
Hungary

Anwil SA
Poland

CF Industries
United Kingdom

Hellagrolip SA
Greece

OCI Nitrogen BV
The Netherlands

Azomures SA
Romania

Eurochem Antwerpen BV
Belgium

ICL Fertilizers Europe BV
The Netherlands

Petrokemija Plc
Croatia

BASF AG/Fertilizer BU Europe
Germany

Fertiberia SA
Spain & Portugal

Lovochemie as
Czech Republic

Yara International ASA
Norway

ASSOCIATIONS

AIC
Agricultural Industries Confederation
United Kingdom

ASSOFERTILIZZANTI
Associazione Nazionale Fertilizzanti
Italy

IVA
Industrieverband Agrar e.V.
Germany

PIPC
Polish Chamber of the Chemical Industry
Poland

ANFFE
Asociación Nacional de Fabricantes de Fertilizantes
Spain

BELFERTIL
Belgian Mineral Fertilizer Association
Belgium

Meststoffen NEDERLAND
Fertilizers Netherlands
The Netherlands

UNIFA
Union des Industries de la Fertilisation
France

Fertilizers Europe board*


President
Javier Goñi del Cacho, Fertiberia


Vice-President
Terje Knutsen, Yara


Vice-President
Paweł Łapiński, Grupa Azoty


Chairman
Agriculture Committee
Mihai Anitei, Azomures


Vice-Chairman
Agriculture Committee
Terje Bakken, Eurochem


Chairman
Trade & Economic Committee
Gerald Papst, Borealis


Vice-Chairman
Trade & Economic Committee
Mindaugas Balkus, Achema


Vice-Chairman
Trade & Economic Committee
David Hopkins, CF Industries


Chairman
Technical Committee
Radomir Věk, Lovochemie


Vice-Chairman
Technical Committee
János Szilágyi, Nitrogénmuvek


Vice-Chairman
Technical Committee
Aviv Bar Tal, ICL Fertilizers


Chairman
Statistics Committee
Krzysztof Homenda, Grupa Azoty

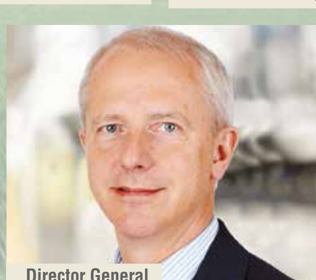

Vice-Chairman
Statistics Committee
Jacek Podgórski, Anwil


Chairman
Communications Committee
Marc Van Doorn, OCI Nitrogen


Vice-Chairmano
Communications Committee
Jean-Paul Beens, Yara


Observer
Dietrich Pradt, IVA


Observer
Florence Nys, UNIFA


Director General
Jacob Hansen, Fertilizers Europe

* A new Fertilizers Europe Board for 2017-19 will be elected at the Annual Assembly in Madrid in June 2017.

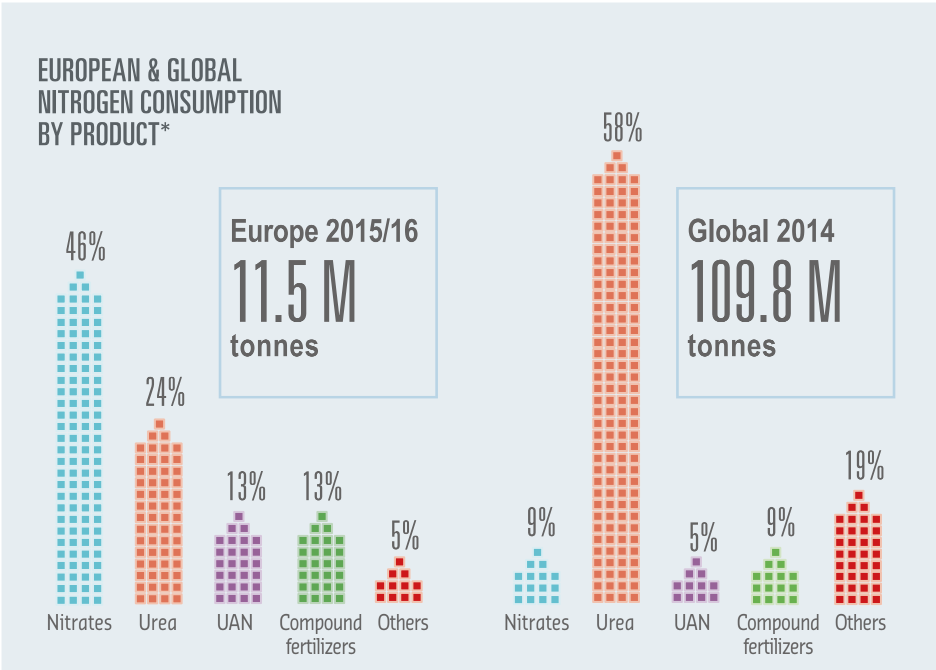
Fertilizers Europe

COMMITTEE ACTIVITIES

Fertilizers Europe's Forum on Fertilizers and Nutrients at the European Parliament in October focused on the New Fertilizer Regulation and ETS: Effort-Sharing in Agriculture.

Statistics

The Statistics Committee's main focus is to facilitate members' access to reliable market statistics and provide support for other Fertilizers Europe activities. It also supplies a variety of EU institutions with industry data on an ad-hoc basis. All statistics are produced in strict compliance with European competition law.



* *Agricultural use only*

MEMBER SERVICES

Industry statistics have been regularly distributed to members throughout 2016/17. These included publications covering European fertilizer consumption, plant capacities, production, deliveries, exports and imports, as well as the "Industry Facts and Figures" which highlights industry turnover, investment and employment.

The committee also produced its annual survey of members' production costs for the main fertilizer products. The survey identifies trends within the industry as a whole and serves as a benchmarking tool for members.

INDUSTRY SUPPORT - EXTERNAL AUDIENCES

The main areas of activity in support of other Fertilizers Europe initiatives with external audiences have included:

- preparation of fertilizer consumption figures for the annual 10-year forecast of "Food, Farming and Fertilizer use in the European Union";
- provision of market data for trade defence cases at the European Commission;
- preparing production and other statistics for use in Fertilizers Europe's advocacy activities on ETS and the new Fertilizer Regulation.

DATA QUALITY AND SECURITY

Following the 2015 audit of the collection and treatment of confidential data from members, internal data confidentiality rules have now been formalised into an internal protocol. During 2017, the committee will focus on further strengthening the quality of reported industry data.

The annual meeting of the full Committee took place in Brussels in November. This gave members the opportunity to review the year's activities and discuss priorities for the 2017/18 period.

Agriculture

Throughout the year, the Agriculture Committee has actively contributed to the legislative debate around the new Fertilizer Regulation. It has also supported the launch of the online Cool Farm Tool, guided the work of the EU Nitrogen Expert Panel, and closely followed the progress of the European Air Quality package.

NEW FERTILIZER REGULATION

Assessing the potential impact on mineral fertilizers of the Commission's proposal for the new Regulation, together with concrete suggestions to improve it, have very much been the focus of the Committee's work during 2016/17.

Fertilizers Europe's main goal is to ensure that the proposed market rules work for mineral fertilizers and that the new framework reflects the volume and quality of the fertilization they provide. Furthermore, the essential requirement that mineral fertilizers will have to meet must be based on the latest scientific knowledge. Negotiations are still on-going in the Parliament and Council. A final agreement could be reached by the end of 2017, with the Regulation coming into force in 2018.

Fertilizers Europe's Stakeholder Exchange of Views on the new Regulation in November.

COOL FARM TOOL - KNOWLEDGE IN FARMERS' HANDS

The official launch of the online Cool Farm Tool (CFT) in September 2016 is a good illustration of the increasing trend for science and technology to be integrated into the agri-food sector. Companies Nestlé and Syngenta recently joined the Cool Farm Alliance, which developed the CFT.

The CFT now gives farmers access to hard data that shows the environmental effects of their production and how to improve these. They can use the tool to directly measure CO_2 emissions from their operations and gain insights into environmental hotspots at farm level.

Fertilizers Europe has contributed to the CFT by providing data sets that mirror average emissions for the production of the most common mineral fertilizers in 10 regions. This enriches the tool, as well as demonstrates the superior carbon profile of European-made products.

The launch of the online CFT was combined with the release of a new website raising its profile with a broader audience. In parallel, the CFT is providing the incentive for food companies to evaluate emissions in their supply chains and improve their sustainability. The CFT dairy module will be ready by the second half of 2017, while a water module is being developed to determine the water footprint, water consumption, and the soil-water balance on a global basis.

EU NITROGEN EXPERT PANEL - VALIDATION OF THE NUE INDICATOR

The EU Nitrogen Expert Panel is making progress in delivering on its first mandate to develop an indicator for the efficient utilization of nitrogen within the entire food system. Its work on Nitrogen Use Efficiency (NUE) remains a key area of interest for the committee.

At the end of 2016, the Panel approved the report by Prof. Erisman and colleagues, demonstrating that the NUE concept developed by the Panel for agricultural systems can also be applied to food systems at national level. This offers an insight into overall resource use efficiency, and indirectly environmental sustainability, even if the accuracy of estimates still remains a major challenge.

The Panel also issued a draft Guidance document for assessing NUE at farm level in 2016. This will enable regional case-studies to be undertaken in different types of farm and European countries in order to test the concept at farm level. The case studies, which will be completed in 2017, will contribute to increasing farmers' understanding of the NUE indicator and to make it suitable for use by policy-makers.

EUROPEAN AIR QUALITY PACKAGE - ACKNOWLEDGMENT OF DAN FERTILIZERS

November 2016 marked a milestone in European environmental legislation as EU Member States and the European

Parliament signed off on their compromise for the new Directive setting ambitious national caps for emissions of key pollutants such as nitrogen oxides and ammonia.

The new National Emissions Ceiling Directive (NECD) is the result of a long political battle between the two groups. The NECD is the tool chosen to implement the Recommendation for reduction of ammonia emissions from inorganic fertilizers, which is part of the Framework Code of Agricultural Practice issued in the context of the Gothenburg protocol. It is a major step in acknowledging the role of the use of directly available nitrogen fertilizers as a precise and reliable means of sustaining food production in an environmentally acceptable way.

Member States now have 18 months to prepare national air pollution action programmes prohibiting the use of ammonium carbonate fertilizers. Ammonia emissions from mineral fertilizers may be reduced either by replacing urea fertilizers with ammonium nitrate-based products or by using methods that reduce emissions in urea fertilizers by at least 30% compared to a reference method specified in the Ammonia Guidance document.

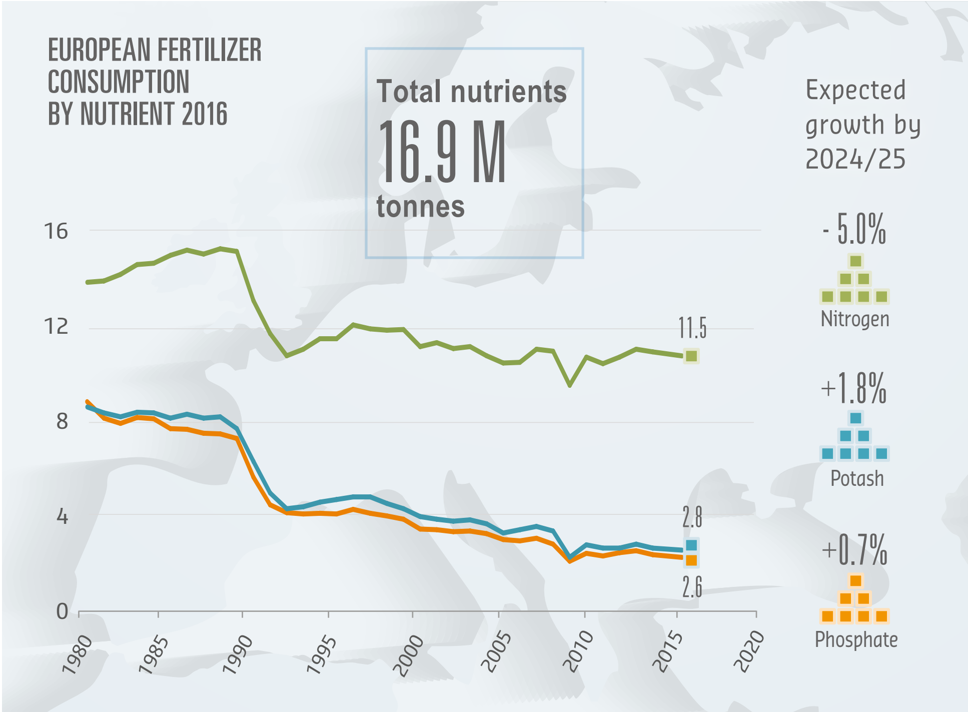
FERTILIZER CONSUMPTION

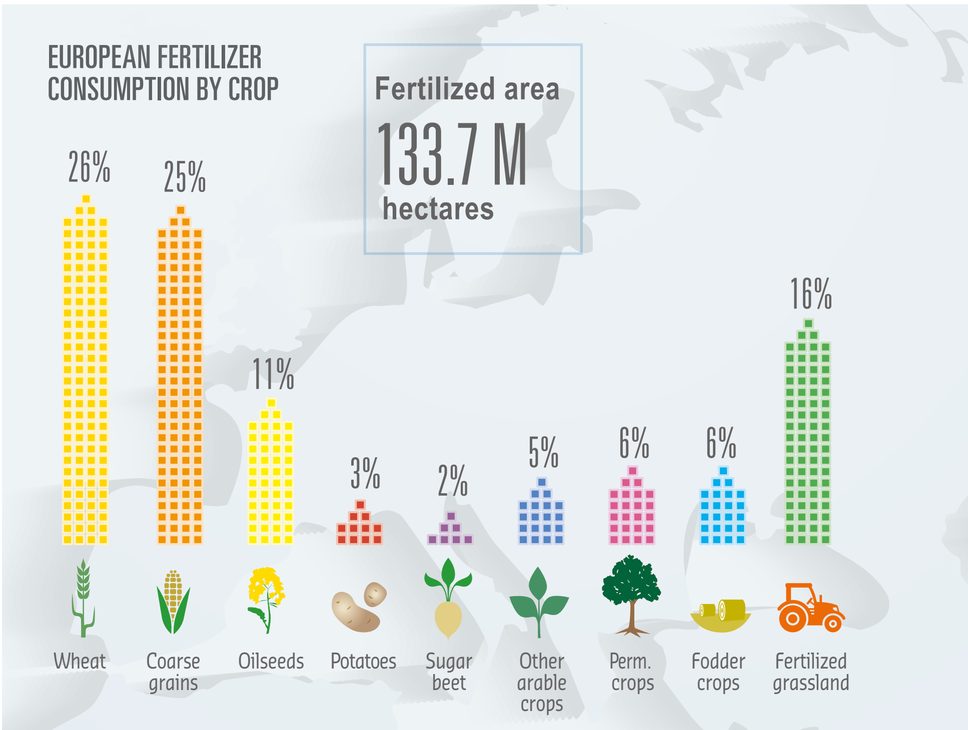
Fertilizer consumption in Europe in 2016 remained below the more normal levels recorded immediately prior to the 2008 economic downturn. 11.5 million tons of nitrogen (N), 2.6 million tons of phosphate (P_2O_5) and 2.8 million tons of potash (K_2O) were applied to 133.7 million hectares of farmland.

Over the next ten years, the Fertilizers Europe 2016-2026 Forecast foresees annual nitrogen use dropping by 5%, with phosphate and potash showing only small increases of 0.7% and 1.8% respectively.

Regionally, growth in nitrogen consumption continues to be forecast for central and eastern Europe, but is offset by significant decreases in western Europe, particularly in France, Germany, Italy and The Netherlands. For phosphate and potash, significant growth is also forecast in almost all central and eastern European countries, as well as in Austria, Belgium/Luxembourg, Denmark, Portugal, and Sweden. However, decreases in other European countries minimize the overall increase. In Germany, consumption of all three nutrients is forecast to decrease significantly mainly because of a tightening up of the national rules for fertilizer use.

By crop, growth in nutrient consumption is expected to stabilize for cereals and, with the exception of potatoes, to drop for most other food crops. For fodder crops and grassland the decreases will be significant, as the impact of the abolition of milk quotas leads to greater productivity.





Technical

ETS climate change policy and the requirements of the new fertilizer Regulation were major targets for the Technical Committee's work over the 2016/2017 period. In addition, we continued to focus on Product Stewardship, safety and security. The latest Product Stewardship audit of members took place in early 2017.

ETS AND CLIMATE CHANGE - RECOGNISING CARBON LEAKAGE

As Europe's mineral fertilizer industry has been shown to be one of the sectors at the highest risk of carbon leakage, the evolution of the EU's climate change policy has been a key priority for the committee. The European fertilizer industry needs an Emission Trading Scheme (ETS) that allows the industry to grow and that maintains a level playing field for European-made products.

In Fertilizers Europe's view, the Commission's 2015 proposals for further emissions reductions for the next phase of ETS (ETS IV: 2021-2030) did not take into sufficient consideration the industry's high risk position with regard to carbon leakage. The committee has therefore been intensively involved in promoting the industry's point-of-view at the European Parliament and the Council to ensure our arguments are understood and reflected in the final text of the legislation. As well as the industry's very high exposure to carbon leakage, our advocacy has also focused on our unavoidable process emissions.

Our main goal has been to ensure that the free emissions allowances are fairly allocated between sectors by linking carbon leakage protection to potential risk. It is of the utmost importance that our sector continues to be recognised at very high risk of leakage and receives the appropriate protection.

Discussion on the ETS IV proposals remain a focus of the committee's efforts until the final legislation is approved. The committee's Task Forces will continue to prepare any additional argumentation and data to defend our sector-based approach.

Carbon Footprinting

The Fertilizers Europe Carbon Footprint Calculator for fertilizer production has now also been made available on-line to non-members of the association. We have extended the calculator's coverage to all regions and made it a truly global tool for carbon footprinting mineral fertilizers.

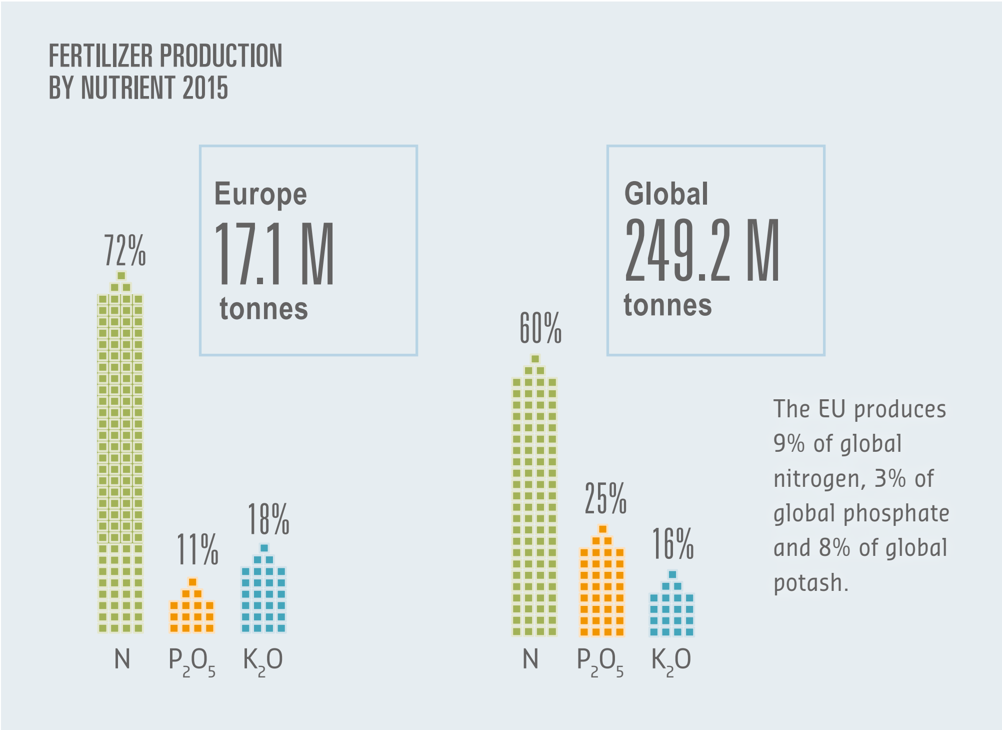
The calculator shows that, thanks to the continuous efforts made by the industry, EU-made fertilizers have a significantly lower environmental footprint than those produced in other parts of the world. Together with the Carbon Trust, we have also developed a certification scheme to ensure that any anyone wishing to publish the results obtained with the calculator uses it correctly.

PRODUCT STEWARDSHIP - A CONSTANT FOCUS

Our Product Stewardship Program has been the umbrella for our product and process quality, safety, security and environmental activities for more than 10 years. The program is recognised by the International Fertilizer Association (IFA) as being at the highest level globally.

In the first four months of 2017, all Fertilizers Europe members were independently audited for compliance with the program by external auditor DNV (Den Norske Veritas).

Plenary vote on the ETS proposals at the European Parliament in Strasbourg in December.



Successful companies will receive Product Stewardship certificates at an official presentation ceremony during our Annual Assembly in Madrid in June.

NEW FERTILIZER REGULATION - RECOGNISING QUALITY

For the new fertilizer Regulation, Fertilizers Europe favours fully harmonized legislation that recognises the quality of our products and their leading role within the agricultural sector. Working with the Agriculture Committee, we have been actively involved in advocacy activities regarding the new Regulation at the European Parliament and the Council. Among other subjects, this work has included preparing research-based arguments for the debate on cadmium limits for phosphate fertilizers.

FERTILIZER CLASSIFICATION - REACH

An increasing number of issues related to the classification of mineral fertilizers are being raised by EChA (the European Chemicals Agency) as well as by other international bodies.

While assuring the highest safety standards, the committee's workgroups have devoted significant time and effort to ensure that the burden on the industry remains reasonable. Fertilizers Europe has become an accredited stakeholder to EChA enabling us to directly participate where necessary in official meetings.

We have also developed a series of Fertilizer Use Maps, tools that help the agricultural and food production industries evaluate the environmental impact of using mineral fertilizers.

SAFETY - A SUSTAINED EFFORT

Safety Seminar

Fertilizers Europe's annual safety seminar is a platform for members to freely discuss safety and related issues, as well as to exchange experience and learn from it. The 2017 Safety Seminar was held in April at Heidelberg in Germany and was combined with a plant visit to local BASF facilities. A joint session with the Communications Committee focused on crisis communications.

Incident Database

As usual the Fertilizers Europe incident database has been regularly updated. The database of some 850 incidents that have ocurred since 1920 is a useful on-line tool for member companies and the safety recommendations in its accident reports serve as a guidance for them.

SECURITY - FOLLOWING DEVELOPMENTS

Fertilizers Europe closely follows any development on both the European and worldwide scenes regarding the risk of terrorist misuse of fertilizers. The committee has closely collaborated with the European Commission in preparing the next update of EU legislation on explosive precursors, planned for 2017.

We have advocated extending the reporting of suspicious transactions to cover all nitrogen-based fertilizers throughout the entire supply chain, already a requirement of our Product Stewardship program. Fertilizers Europe is also an active participant in a number of other EU-funded projects targeted at reducing the threat of misuse of fertilizers.

BREF - WASTE GAS CHEMICALS

Adopting the so-called horizontal approach, the European Commission has decided to define Best Reference documentation (BREFs) for waste gas treatment in all chemical sectors. The official process has already started and the committee is heavily involved in making sure that the specifics of our sector are well represented.

Trade & Economic

Global factors, based on events in Russia, China and USA, dominated 2016/17 from the Trade & Economic Committee's perspective. On the gas front, Russia remained "the bear in the room", with Gazprom actually increasing volume and market share despite the EU's intent to diversify external gas sources. The EU remained united in its resolve to conclude the new 2nd Gas Security of Supply Regulation, now due in the first half of 2017.

China's questionable claim to Market Economy Status (MES) dominated the trade regulatory scene in Brussels, while its coal and urea plant closures resulted in greatly reduced exports and the unexpected, welcome recovery of fertilizer markets around the world by year end.

The election of President Trump in the USA heralded a halt to its traditional multi-dimensional trade policy and the call for "America First". The USA abandoned the Trans-Pacific Free Trade Area and put on hold the EU TTIP negotiations, already at the half-way stage. Fertilizers Europe continued to support a trade "energy chapter" to secure open supplies of LNG worldwide, as well as standards prohibiting state intervention and dual pricing in energy markets.

The US scenario and Brexit have now created an uncertain, even uniquely challenging, set of prospects. The EU appears set for "business as usual" with extra effort to support the Ukraine Deep and Comprehensive Free Trade Area and final settlement of the CETA agreement with Canada.

ENERGY UNION MOVES FORWARD - GAS SECURITY OF SUPPLY REGULATION

Having unveiled its early "gas package" in 2015, the European Commission published its extensive energy/power package in 2016. One of the first Energy Union initiatives, the EC Gas Security of Supply Regulation received significant support in the European Parliament and the Council.

This was partly due to avoidance of the tricky approval of the Nord Stream II pipeline and a strong focus on EU preventative and emergency plans, two way inter-connections, and other essential EU infrastructure. The Regulation's provision for Demand-Side Response, which allows industry compensation for closures and passing on gas to the market in crisis conditions, was also welcome.

Fertilizers Europe continues to support the Energy Union, particularly diversification of the gas supply and enforcement of the 3rd Gas Directive. In support of this position, the European Energy Regulator ACER's Head of Gas was invited to address a joint IFEIC-Fertilizers Europe meeting in Vienna and also the bi-annual gas seminar in Prague in February 2017.

With the recent announcement from the EC's DG Competition on the anti-trust case commitments it intends to impose on Gazprom, it is clear that EC gas policy is to assure the complete implementation of the 3rd Gas Directive and Single Market rules – and so the promotion of gas hubs as European reference market exchanges.

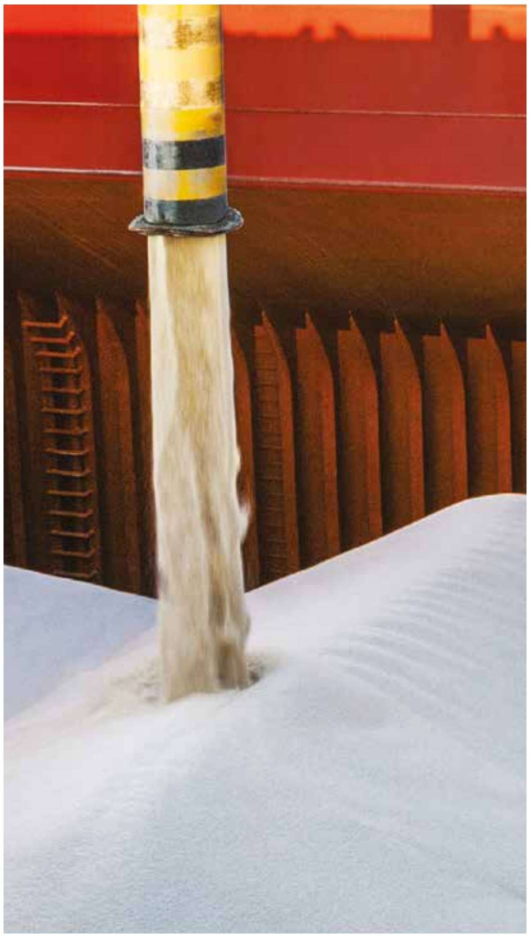
TRADE AND TARIFF DEFENCE - CHINA MARKET ECONOMY STATUS (MES)

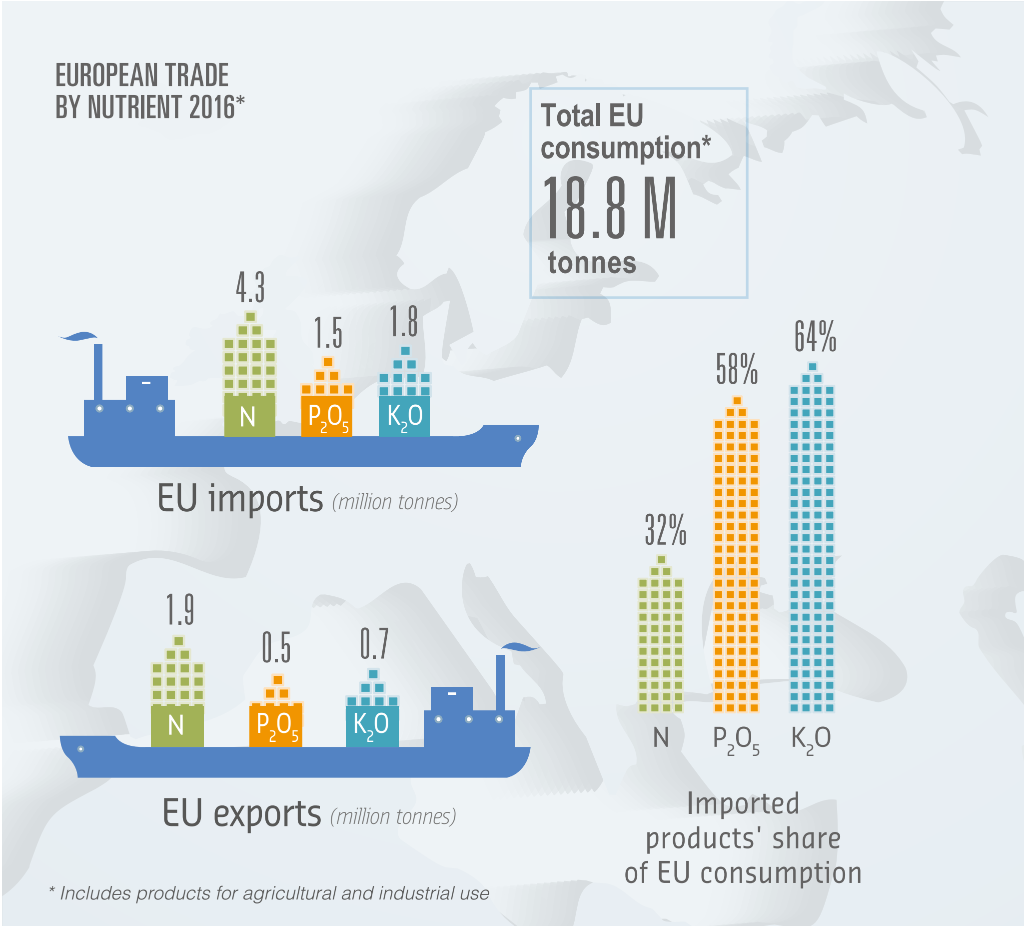
In November 2016, the EC released its "MES China proposal". This was followed in December by the European Council's compromise agreement on the Trade Defence Modernisation package and China's opening of WTO dispute settlement proceedings on the EU's lack of its MES recognition.

Throughout 2016, Fertilizers Europe and its members have insisted that the EC retain the ability to make "factor adjustments", especially on significant distortions of key raw material costs. Both the EC's Gas Security of Supply Regulation and its China MES proposals recognise the need for legitimate "factor adjustments" and appropriate anti-dumping measures. This is all the more welcome when the issue is already contested in the WTO.

In January 2014, the Russian Federation opened a WTO dispute settlement complaint aimed at the EU's use of "gas adjustment" costs in earlier ammonium nitrate proceedings. It argues that actual Russian exporter/producers invoices should be used, rather than the "adjusted gas cost" based on Russian "market gas" at Waidhaus on the Czech/German border.

The case is greatly delayed at the WTO and a final ruling may not even emerge in 2017. It is worth noting that the EU and Fertilizers Europe have already won this argument at the General Court in Luxembourg in February 2013.





FAST FORWARD ON EU BI-LATERAL TRADE POLICY - NEW FTAS

The EC's DG Trade continued to drive forward a whole series of new Free Trade Areas. Most notable is Canada with the formal start up in January 2016. The next big agreements are likely to be with the Gulf Co-Operation Council – the Gulf Arab states and Saudi Arabia – and Mercosur in South America. The free trade agreements with Morocco, Egypt and Algeria are also all due for upgrades.

The only stumbling block to the Gulf Co-Operation Council treaty is Saudi Arabia's caution. However, with the loss in 2014 of the EU's GSP concessions on the 6.5% conventional tariff, it seems inevitable that the Gulf States and Saudi Arabia will go for the FTA.

Discussions at Fertilizers Europe 2017 Gas Seminar: (from left) Sean Mackle (Fertilizers Europe Trade & Economic Director), Steinar Solheim (YARA), Oliver Hatfield (Integer), Valentin Höhn (IFIEC), Dennis Hesseling (ACER), Chris Walters (Gas Strategies).

EU FERTILIZER TARIFFS - DIALOGUE WITH FARMERS

COPA-COGECA and the Irish Farmers Association had meetings with the Fertilizers Europe Board during the year to express their wishes to zero rate the typical EU 6.5% customs tariff on fertilizers. However, because of artificially low state gas prices and subsequently distorted fertilizer export pricing in many competitor countries, Fertilizers Europe's policy remains the maintenance of the tariff until a level playing field has been established.

Communications

It is increasingly necessary that we influence public policy, build and maintain a strong reputation, and find common grounds with other stakeholders. The Communication Committee is responsible for guiding the secretariat in order to achieve these objectives and for evaluating the effectiveness of our advocacy activities and adapting our communication strategies accordingly.

INFLUENCING PUBLIC POLICY

With regards to the committee's efforts on policy issues, great progress was achieved on the two central policies: the New Fertilizer Regulation and the Emissions Trading Scheme (ETS).

The new Fertilizer Regulation developed over the course of the year and our four-page brochure highlighting its key points and their potential impact on the industry was central to our advocacy activities.

Events to discuss the Regulation proved to be a great success, with a large number of stakeholders and representatives of the fertilizer industry attending a breakfast debate at the European Parliament in September hosted by ENVI Committee member MEP Elisabetta Gardini. This was followed by a stakeholder-focused conference in Brussels in November.

This year, we organized another very successful breakfast meeting in April, hosted by IMCO Committee rapporteur MEP Idilkó Gáll-Pelcz. The rapporteurs from the ENVI, AGRI and INTA Committees also participated and gave short presentations.

A meeting of the "Forum on Fertilizers and Nutrients for Growth" in October welcomed stakeholders and policymakers on the topics of ETS and the New Fertilizer Regulation.

The Forum is Fertilizers Europe's established platform in the European Parliament and is chaired by MEPs Julie Girling (ECR, UK) and Peter Jahr (EPP, DE). Its purpose is to allow prominent decision-makers and stakeholders to debate current issues. This session boasted an attendance of over 50 people and was once again met with praise.

Members of Fertilizers Europe have continued to demonstrate relentless dedication in our advocacy work on ETS. Over the course of the year, we have taken part in many meetings with MEPs and communicated our message to preserve our competitiveness and come to a fairer climate policy for the benefit of all industries. The fertilizer sector is the sector most exposed to carbon leakage and we have special concerns about the correction factor due to our high process emissions.

Jacob Hansen with MEP Julie Girling, co-chair of the Forum on Fertilizers and Nutrients for Growth at the European Parliament and winner of this year's "MEP of the Year" agriculture award.

Winner of the Fertilizers Europe quiz at its Global Fertilizer Day stand at the FFA conference receives a picnic basket of local produce.

The decision of the ENVI Committee in the European Parliament in December to propose a version of a differentiated correction factor was a recognition of our great effort. In February's plenary vote the proposal was adopted by the full Parliament. Fertilizers Europe commissioned a study by ECOFYS in May 2017 showing the very big difference in industrial sectors in terms of surplus free allowances. The timing of the report was planned to coincide with the final negotiations during the so-called trialogue stage.

GLOBAL FERTILIZER DAY

One of the Communications Committee's most successful initiatives since its establishment was the launch in 2016 of the Global Fertilizer Day, celebrated on the 13th of October. This date marks the anniversary of the Haber-Bosch patent for ammonia synthesis. By founding this global initiative, Fertilizers Europe aimed to present the relevance of the fertilizer industry to the general public in the entire world.

The campaign was very well received and greatly supported by associations representing the fertilizer industry around the world, as well as by individual initiatives by Fertilizers Europe members that aimed to spread awareness of the day and of the importance of fertilizers to a growing hungry population.

Fertilizers Europe also presented the initiative at the International Fertilizer Association's joint communicators and agricultural conference in January 2017 and established a stand at the Forum for the Future of Agriculture in Brussels in March. The meeting ensured greater participation in the inititative from around the world and the stand was very well received by hundreds of participants at the conference. The groundwork has been laid for a successful Global Ferilizer Day follow-up this coming October.

LIFE

Our quarterly internal members' magazine LIFE shows the secretariat's activities and is retaining recognition among members. With it, we aim to inform them of our activities in upcoming and past events, our advocacy initiatives and our seminars.

"LIFE in the bubble" is our bi-weekly digital newsletter that gives our members an overview of the activities evolving within the circle of European affairs and beyond.

Participants in the Fertilizers Europe 2017 Safety Seminar in front of the first ammonia reactor in Ludwigshafen, Germany. A Crisis Communication Workshop was organized in conjunction with the seminar, with very active participation by members. The workshop should be useful to them if they ever face a crisis.

Fertilizers Europe team

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Gábor Marton
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Laura Casuscelli
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Office Assistant

CHALLENGES & OPPORTUNITIES
for the European agri-food sector

PROVIDING
food security

ENSURING
food safety
from farm to fork

SAFEGUARDING
the environment

HELPING
create
jobs and
growth

IMPROVING
competitiveness,
productivity and
sustainability today
and tomorrow

INFINITE FERTILIZERS

Continuing to feed the world

Infinite fertilizers guides the European fertilizer industry's initiatives to ensure that Europe's farmers have access to a variety of safe, high quality, locally produced products, as well as information on their use, environmental impact and nutrient recycling opportunities.

fertilizers europe

Fertilizers Europe represents the majority of fertilizer producers in Europe and is recognized as the dedicated industry source of information on mineral fertilizers. The association communicates with a wide variety of institutions, legislators, stakeholders and members of the public who seek information on fertilizer technology and topics relating to today's agricultural, environmental and economic challenges. The Fertilizers Europe website provides information on subjects of relevance to all those interested in fertilizers contribution to global food security.

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