

Commission energy toolbox does not solve the immediate crisis

Brussels, 13 October 2021: The European fertilizer industry acknowledges the European Commission's publication of the toolbox on energy prices as an attempt to bolster EU Member States' ability to provide short-term assistance to industries whose competitiveness was affected by dysfunctional energy market. Prompt and targeted action is critical, as negative knock-on effects on agri-food chain and other value chains must be averted, while fertiliser industry must remain fit to invest in low carbon technologies.

The European fertilizer industry's operations are heavily impacted by sky-high gas costs. *"For the EU fertiliser industry, natural gas traditionally accounts for up to 80% and rising production costs. Exceptionally high gas prices have made fertiliser production in Europe uneconomic, leading to significant temporary curtailments and plant closures across Europe. If this situation is not addressed urgently, there is a real risk that temporary closures will lead to permanent closures or relocation of our sector outside Europe"* said Jacob Hansen, Director General at Fertilizers Europe.

Unless EU and member states policymakers halt the soaring cost of natural gas, energy price surge will impact fertiliser and food markets as well as ammonia value chain. Hansen explained *"surging energy prices lead to reduced fertiliser production, higher input costs for farmers and in turn food price spike. But fertiliser industry is not just about food for plants. Our industry is also a key supplier of AdBlue for heavy weight vehicles, CO₂ supply for meat and beverage industries to name the few."*

The Commission's energy price toolbox, while a step in a right direction, falls short of providing immediate measures to significantly reduce the impact on industry and citizens. *"The energy price toolbox communication is very much a compendium of existing policy options available to EU member states. What the European industry needs is rapid and targeted measures minimising the effects of looming crisis"*. He added *"The EU fertiliser industry seeks, among others, urgent corrective action by the Commission and Member States, including serious consideration for making emergency kick-start state aid permissible, commercial diplomatic pressure on the major gas suppliers to Europe and support for EU farmers to deal with volatile market environment"*.

The current crisis, if not averted shortly, is likely to slow down industry's transition in line with the EU Green Deal objectives. Jacob Hansen said *"EU fertiliser industry continues to be committed to Europe's decarbonisation efforts. However, the transition from natural gas to renewable production bears very considerable investments. The current situation puts in jeopardy industry's ability to finance these future investments in bringing the necessary climate neutrality in 2050, not just for the fertilizers industry itself but through ammonia as clean energy carrier for society in general."*

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About 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.

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