

Industry supports CBAM. Parliament position not good enough.



Brussels, 22 June 2022:

Fertilizers Europe appreciates the support of the European Parliament for the introduction of a Carbon Border Adjustment Mechanism (CBAM) which could bring the EU fertilizer industry closer to a level playing field with third countries producers. Nonetheless, the outcome of the votes on CBAM and ETS still puts a successful transition towards a carbon-neutral fertilizer industry and a sustainable food value chain in Europe at risk. By removing EU ETS free allocations to the CBAM sectors too abruptly, MEPs today endangered jobs and the capacity of Europe to reach the objective of strategic autonomy. It is a positive development that the Parliament proposed an approach for resolving the export question making it possible for European producers to compete on global markets.

The European fertilizer industry supports the Green Deal's ambition of climate neutrality by 2050 and is fully committed to play its part. In the past years, the fertilizer industry has already cut by around 50% its GHG emissions compared to 2005. To safeguard continued supply of affordable fertilizers to European farmers, ensure food security, enable the transition to low-carbon fertilizers and protect jobs in the EU, the industry continues calling for a sound and coherent policy framework.

"An increased climate ambition should lead policy makers to support industry's transition through an increased carbon leakage protection. What happened today in the European Parliament goes in the opposite direction. By reducing free allocations too abruptly, instead of letting industries in Europe driving a change, securing jobs and prosperity, the risk of European industries relocating to regions with less stringent climate rules will significantly increase. This decision is at odds with the EU's climate change action and fair transition policy to ensure no one is left behind" said Jacob Hansen, Director General at Fertilizers Europe.

Fertilizers Europe therefore urges the Member States and the European Council to be more realistic in their approach. Free allocations should be kept at full benchmark at least until 2030. This will provide investor confidence and create the right conditions for converting industrial infrastructure to green technology. Free allowances form part of the fertilizer production cost structure and have therefore a positive impact on the value chain, especially on fertilizer prices for farmers.

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CBAM is still an untested tool for managing carbon leakage and should best tested first. *"The next 5-10 years are crucial for industry investments in the green transition. The decarbonization of the fertilizer industry should not be achieved by closing plants and moving jobs outside of Europe"* concluded Jacob Hansen.



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