

Important improvements still needed in trilogues negotiations says Fertilizers Europe as a reaction to Council position on ETS and RED

ETS/CBAM/RED: Fertilizers Europe underlines the need to extend the transitional period for EU ETS free allocations phase out for sectors in CBAM. Furthermore, it is imperative to have an export solution. Concerning RED, as the primary sector concerned by the industry renewable hydrogen sub-target, we must insist on conditions to make this target realistic and achievable. Lots of work still need to be done at trilogues negotiations.

The fertilizers industry is supporting the green deal objectives and is committed to decarbonize. Therefore, we call for the trilogues negotiations to provide our industry with a sound and supportive policy framework to successfully invest in low carbon technologies while ensuring food security. The latter will require a European and geographically diverse fertilizers industry.

The General approach adopted on the Renewable Energy Directive recognizes the need for a longer ramp up phase for the use of renewable hydrogen in industry by shifting the 50% target to 2035, with an intermediary 35% target. However, the Council agreement does not sufficiently develop the conditions to reach such a target. It doesn't recognize the differences in renewable energy potential of Member States, putting at risk local industries in certain regions of Europe. Such a risk could be mitigated by adopting a technology-neutral approach to the hydrogen economy and through the development of appropriate push and pull mechanisms.

The adopted phase out period for EU ETS free allocations still fails to recognise the need to keep free allocations at full benchmarks level at least till 2030 in order to test CBAM effectiveness, mitigate the impact on value chains and enable the capacity to deploy green investments. Moreover, Fertilizers Europe strongly regrets that the Council didn't propose an exports solution to avoid that carbon leakage on exports undermines the CBAM's climate and environmental objectives. The ability to compete on exports markets is crucial to manage the inherent seasonality of the fertilizer markets and to drive efficiency of production operations, thus reducing operating costs, energy consumption and emissions.

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