

EU Fertilizer industry call on ETS/CBAM negotiators to adopt a viable export solution for all European exports and an EU ETS free allocation phase-out that does not hinder low-carbon investments.

The on-going CBAM and ETS trilogues are a make or break for European industry's decarbonisation plans as well as its exports capabilities. The EU fertilizer industry is exporting 12 million tons of premium fertilizers every year. This export will become impossible without a real export solution in CBAM. Lack of a viable export solution will further deteriorate the already challenging situation of the European fertilizer industry.

Replacing European fertilizers in third-country markets with products with a higher carbon footprint would have undermined CBAM's environmental purpose. To keep EU ETS free allocations for the export part of the production could be one viable solution. Nonetheless, preserving free allocation only for the top 10% of installations in the EU is not a real export solution as the remaining 90% producers would be exposed to unilateral carbon costs creating distortions among European producers. Similarly, using the Innovation Fund to support exports will not help preventing the direct loss of export markets when free allocation starts being phased out.

A robust European fertilizer industry is crucial for Europe's food security and for its strategic autonomy. The next 10 years will be essential for the deployment of massive green investments to decarbonize our industry. A CBAM/ETS with a rapid free allocation decrease and without an export solution will have serious consequences for jobs, investments, and for the environment.

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