

Brussels, 9 July 2015

Ms Elżbieta Bieńkowska
Commissioner for Internal Market, Industry, Entrepreneurship & SMEs
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels, Belgium

Dear Commissioner,

Thank you very much for the possibility of presenting the opinion of Fertilizers Europe association during High Level Group meeting, held in May in Brussels.

We are aware that the Commission will soon publish proposals for a revision of the ETS Directive 2003/87/EC with important implications for fertilizer production and food security in Europe, if the documents that we have seen reflect the final proposal.

As we explained on behalf of Fertilizers Europe in the High Level Group meeting, the fertilizer industry is unique in that 2/3rds of energy consumption is raw material/feedstock for our production. We also referenced that our sector is very exposed to carbon leakage, which is also clearly demonstrated in your own impact assessment, where we are ranked Nr 1 in terms of sectors at risk.

Unfortunately, in the draft of documents - up to our best knowledge - of the proposal circulating in Brussels, there is no special attention to the fertilizer industry and our unique position.

We believe that the proposed limit of the yearly benchmark reduction of 0,5% is unachievable. Fertilizers Europe strongly asked for excluding the fertilizers industry from a correction factor scheme. As outlined in our discussions more than 2/3rds of our emissions are unavoidable, as the result of chemical reaction in production process of ammonia, which cannot be replaced by any other chemical reaction (alternatives are not yet invented).

Benchmarks need to remain achievable to provide an incentive for the industry. The current draft sets theoretically unachievable benchmarks for our industry. As a result the fundamental aim of ETS becomes flawed as it no longer motivates the industry to drive down emissions but instead becomes a straightforward unavoidable tax on the industry, which again could have important implications for potential closing of factories in Europe, as they will become critically not competitive in future.

We also understand that the Commission will be looking at cost pass through. Fertilizers are a highly and widely traded product and care needs to be taken to this criteria, as we are not in position of changing the global supply/demand balances. We would like to point out that we cannot realise the level of cost pass through mentioned in the impact assessment.

I look forward to discussing these issues in more detail, when we, as agreed, meet in Brussels on 23 September at 15h00 in your office.

In case of additional questions in the meantime I confirm my availability.

Kind regards,



Vice-President of Fertilizers Europe