



EUROPEAN COMMISSION

Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs

Consumer, Environmental and Health technologies
Unit GROW.D2 Chemicals

Brussels, 24 June 2015

NOTE TO THE FILE

Subject: ETS revision post 2020, DG GROW, 17/6/2015, 15h00-15h50

Participants:

Antoine Hoxha (Fertilizers Europe), **Tomas Vasilevskis** (Lithuanian Business representation in Brussels), **Juozas Tunaitis** (technical director of the fertilizer company Achema in Lithuania) and **Giedrius Mažunaitis** (executive director of the Association of Lithuanian chemical industry enterprises in Vilnius) met the Director Carlo Pettinelli. The officials present were [REDACTED] (GROW.D2) and [REDACTED] (GROW.D2).

The **aim of the meeting** was to express sectorial concerns about the forthcoming Commission proposal for revision of the EU ETS post 2020. The same stakeholders' team discussed in the morning the technical issues on ETS with policy officers [REDACTED] (GROW.C1) and [REDACTED] (GROW.D2).

- **J. Tunaitis**, the technical director of Achema, explained financial problems linked to costs of allowances. [REDACTED]
[REDACTED]. Even the best performers in the ammonia production have to pay for allowances. [REDACTED]
[REDACTED]
[REDACTED]. Achema provided some company-specific (thus confidential) data on emissions, benchmarks and production levels to the Commission showing successful decoupling of emissions and production levels. Ammonia producers in Europe are the most energy efficient in the world.
- **A. Hoxha (AH)** highlighted a specific position of the fertilizers sector in comparison with other energy-intensive industry sectors (the highest combination of emission intensity and trade intensity vs. others, thus claiming that the fertilizer sector does not fit into 'average' picture). This is why the sector is calling for a sector-specific approach. On benchmarks, AH showed that a technology exists for nitric acid and has delivered good results in the past 10 years. Yet, for ammonia no technology exists and a potential for reducing CO2 is unfortunately limited. Fertilizers Europe is pleased for being member of the High Level Group on Energy Intensive Industries.

- By learning that DG CLIMA is looking into cost-pass through potential for individual sectors, AH mentioned that **Fertilizers Europe** ordered the study on cost-pass through concept because of high exposure to carbon leakage, at first place for ammonia plants.
- **C. Pettinelli** referred to the European Council from October 2014 where European leaders agreed that the EU as a whole has to cut greenhouse gas emissions by at least 40% by 2030 (vs. 1990). C. Pettinelli responded that the proposal will be a result of a political decision. Technical work is close to the end. The adopted proposal will go into co-decision and will be voted in the Council. The speed of the process depends on Member States and on the time horizon towards the forthcoming Paris conference. The proposal will indeed likely be adopted before the Paris conference. C. Pettinelli reassured the visitors to continue informing other Commissioners (Šefčovič, Cañete...) about the energy-intensive industry sectors.

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