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Directorate H. General aspects of rural development and research
H.4. Environment, forestry and climate changes

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NOTE TO MR GWENOLE COZIGOU, DIRECTOR F, DG ENTR

Subject: Limits on Cd in mineral fertilizers - impact on agriculture

The Impact Assessment report accompanying the draft proposal for a regulation on Cadmium (Cd) in phosphate fertilizers puts forward several policy options on legislating the maximum content of Cd in these fertilizers. The preferred option by DG ENTR is to set the limit at 60 mg (of Cd) / 1 kg (of phosphate) as the starting point. It has to be noted that this limit is already present in national law of several Member States (Annex I to the IA), eight MS apply lower limits and only two MS (AT, BE) apply higher limits. After a certain period, this threshold would be reduced further down, either in a prescribed way (after a number of years), or in a flexible way (depending on the technology advancement). The IA also presents scientific evidence that any threshold higher than 20mg/kg may lead to cumulation of Cd in soil, degrading the soil and affecting human health.

The factor of uncertainty presented in IA is the low proliferation of decadmiation technologies. Two main exporters of phosphates to the EU are Morocco and Russia, the former one mining phosphates with an average content of Cd around 60 mg/kg, the latter one mining phosphates with average Cd content under 13 mg/kg (although these figures are only estimations). The IA claims that a quarter of Moroccan production of phosphates is exported to the EU, however, the latest figures from COMEXT (2013) available to DG AGRI show that Russian exports of ground phosphates are almost a double of those from Morocco. In unground phosphates, Moroccan imports to the EU are decreasing while the Russian exports are stable and recently increasing. The IA should be updated in this sense.

The IA estimates that the additional costs of decadmiation are between 2-7%, resulting in a 10 – 15% increase in prices of fertilizers. The decadmiation process has been tested in laboratories and the additional cost is derived from this process. Nevertheless, an industrial scale is bound to reduce the cost as compared to laboratory conditions.

With the use of the Farm Accountancy Data Network, DG AGRI has made some simulations, using figures of the IA. As an example, Germany and France have been selected to test the impact of the alleged increase of fertilizer cost by 15% for common wheat. Following this initial figure, an average additional cost of 10 €/ha at EU level has been calculated (usual use of phosphate fertilizers between 50 and 80 kg/ha, i.e. an

average of 65 kg/ha. With the average price of 1 €/kg, the current cost of phosphate fertilizer amounts to 65 €/ha, with the additional 15% increase, the new cost will amount to 74.75 €/ha. The additional cost is therefore 9.75 €/ha and DG AGRI has rounded this to 10 €/ha – see cell E2 of the attached file).

In case of DE, considering the real cost of fertilizers in DE (excel file cells K223, V223), the real additional cost is 14.2 €/ha, which represents a 1.5% share in the operating costs per hectare (K13). In France, the increase represents 1.6% share. In DE, this represents less than 1% decrease in the gross margin¹ per hectare ((K188-K293)/(K188-K293+14.2)), in FR the decrease is similar.

DG AGRI believes that farmers have a natural interest to preserve their production potential and it is clear that the continuing with the present levels of Cd is not sustainable as it leads to cumulation in soil and the consequent penetration into the food chain. It is also clear that the additional cost possibly imposed on farmers is minimal, particularly when considering all factors in their worst versions (high costs of decadmiation, the highest estimate of the impact on fertilizer prices). DG AGRI also observes the trends in the trade with phosphates and points out that the low Cd phosphates are available from Russia (at similar prices for ground phosphates as those from Morocco). In conclusion, DG AGRI believes that the preferred option should involve an introduction of the threshold of 60 mg/kg with a very short transitional period of 2-3 years for introducing the binding limit of 20 mg/kg. This should accelerate the proliferation of decadmiation. Such policy option will stop the Cd cumulation in soil.

We are keen to discuss these points further.



José Manuel SOUSA UVA

Director H

Encl: Simulations of increased costs of fertilizers



¹ The standard gross margin results from the receipts minus operating costs and represents the income margin of a specific production process.