

**From:** [REDACTED] SG)  
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**Subject:** Minutes meeting President Cabinet and Fertilizers Europe on CBAM - 25 June 2021

**Meeting between President Cabinet and Fertilizers Europe on Carbon Border Adjustment Mechanism – 25 June 2021**

Participants: Kurt Vandenberghe (President Cabinet), [REDACTED] Fertilizers Europe), [REDACTED] (SG).

The President Cabinet met with [REDACTED] Fertilizers Europe in order to discuss the Carbon Border Adjustment Mechanism (CBAM) and, in particular, its possible impact on the fertilizers sector. The main takeaways were as follows:

- Fertilizers Europe generally supported the introduction of CBAM in order to reach the climate objectives of the Union, but highlighted the need to preserve the competitiveness of the EU industry.
- More specifically, they stressed the need to apply CBAM while keeping free allowances under the EU Emissions Trading Scheme (EU ETS), in order to ensure the competitiveness of the EU fertilizers sector. Ideally, the totality of the current free allowances should be maintained but, alternatively, they considered that keeping around 90% of the existing free allowances would also allow to meet that objective. That percentage would be the starting point, and the trajectory for free allowances would stem from the EU ETS review. They considered that lowering free allowances by 50% would not be acceptable for the sector. They stressed that the coexistence between free allowances and CBAM would be WTO compatible, as CBAM would apply only to emissions above the free allowances benchmark.
- They acknowledged that fertilizers would be a 'good candidate' to be included in the scope CBAM, as it is a relatively simple sector with few downstream products and the calculation of the carbon content of imports would not be complex.
- They noted that the supply of ammonia is essential in order to allow the development of the hydrogen industry (ammonia allows for an easy transport of hydrogen).
- The President cabinet assured that those concerns are being taken into account, and agreed that the Union climate ambition will require a competitive EU industry.