

# *Meeting with Joan Canton, Commissioner Breton Cabinet*

 of Fertilizers Europe  
4 February 2021















# OUTLINE

1. INTRODUCTION
2. ABOUT EU FERTILIZER INDUSTRY
3. LOW-CARBON FERTILIZERS  
& GREEN AMMONIA
4. EU INDUSTRIAL STRATEGY
5. CLIMATE POLICIES



# About Fertilizers Europe

## CORPORATE

 <p><b>AB Achema</b> Lithuania</p>	 <p><b>Amul SA</b> Poland</p>	 <p><b>Azomures SA</b> Romania</p>	 <p><b>BASF AG/Fertilizer EU Europe</b> Germany</p>
 <p><b>Borealis AG</b> Austria</p>	 <p><b>Eurochem Antwerpen BV</b> Belgium</p>	 <p><b>Fertiberia SA</b> Spain &amp; Portugal</p>	 <p><b>Grupa Azoty SA</b> Poland</p>
 <p><b>ICL Europe</b> The Netherlands</p>	 <p><b>Lovochemie as</b> Czech Republic</p>	 <p><b>Nitrogenvev Zrt</b> Hungary</p>	 <p><b>Kavala Fertilizers Ltd</b> Greece</p>
 <p><b>OCI Nitrogen BV</b> The Netherlands</p>	 <p><b>Petrokemija Plc</b> Croatia</p>	 <p><b>PFIC LTD</b> Greece</p>	 <p><b>Yara International ASA</b> Norway</p>

## ASSOCIATIONS

 **ANFFE**  
Asociación Nacional de  
Fabricantes de Fertilizantes

 **ASSOFERTILIZZANTI**  
Associazione Nazionale  
Fertilizzanti

 **BELFERTIL**  
Belgian Mineral Fertilizer  
Association

 **IVA**  
Industrieverband Agrar e.V.

 **Meststoffen NEDERLAND**  
Fertilizers Netherlands

 **PIPC**  
Polish Chamber of the  
Chemical Industry

 **UNIFA**  
Union des Industries  
de la Fertilisation



# About EU Fertilizer industry



## Feeding people



**TODAY,**  
FERTILIZERS\* ENABLE

**50% OF  
GLOBAL FOOD  
PRODUCTION**

## Feeding economy



**120 +  
PRODUCTION SITES**



**€9.8 BN  
TURNOVER**

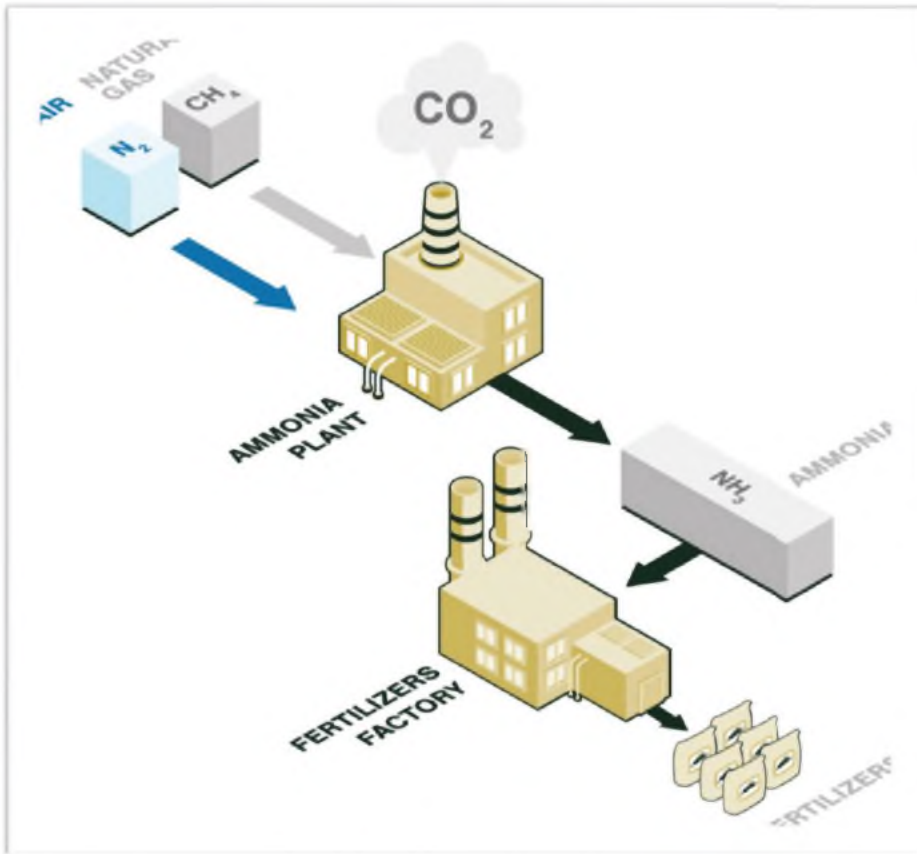


**€1.4 BN  
INVESTMENT**

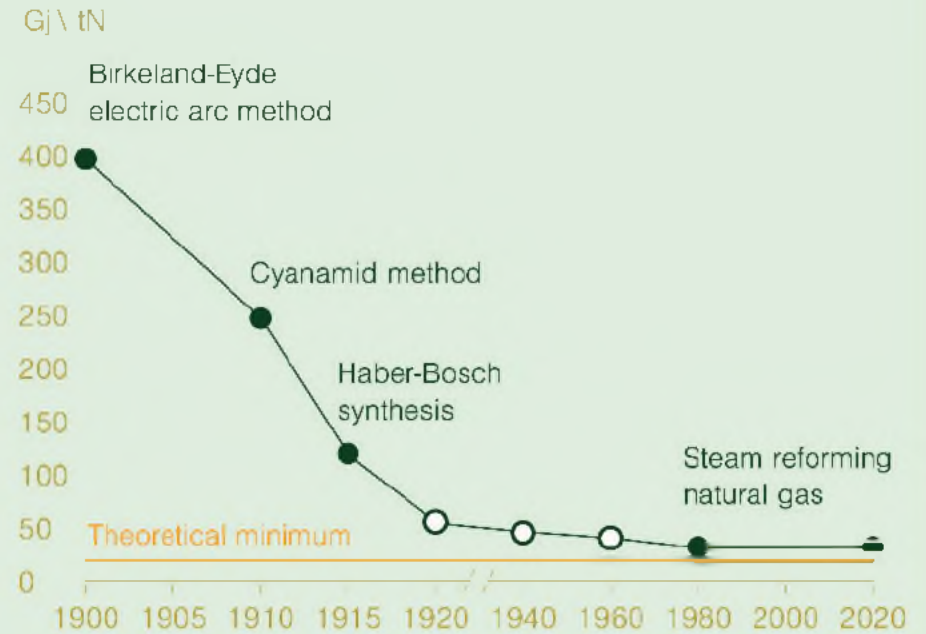
**75.000  
EMPLOYEES**



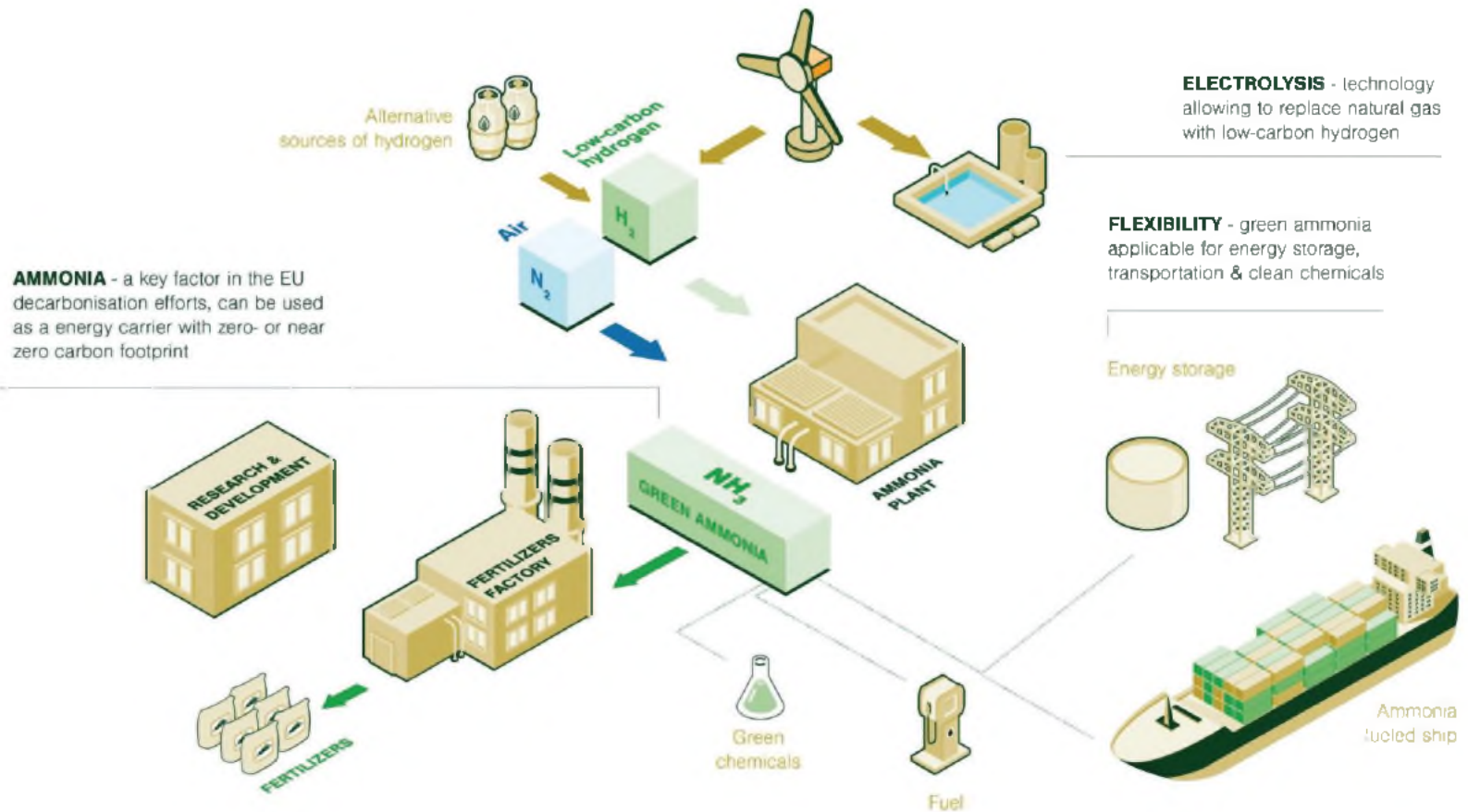
# Current ammonia and fertilizer production



Fertilizer industry reaching technical limit  
in decreasing emissions



# European fertilizer industry of the future\*



\* By 2050 – under the right conditions – ammonia production could be based on decarbonised sources of energy. A combination of policy solutions is needed to enable the transition.

# Bottlenecks



Certification



Renewable electricity  
generation



Scaling up and retrofitting



Geographical limitations

# Input on the EU Industrial strategy

- ✦ Support and guide the European industry in going green, while leaving no one behind:
  - Clear governance without bureaucratic silos and divided responsibilities
  - Develop clear plans for the transition, e.g. availability of green energy at competitive costs
  - Recognise the necessary leap in investment and reduce marginal regulatory costs
  - Recognise and underpin the use of natural gas in the transitional period
  
- ✦ Focus on green ammonia as a carbon-free energy-carrier:
  - Develop certification
  - Remove regulatory bottleneck
  
- ✦ Open Strategic Autonomy:
  - Continue strong emphasis on trade defense
  - Carbon Boarder Adjustment Mechanism as envisaged by fertilizer industry
  - Legitimatised green subsidies in WTO



# Revision of EU Emissions Trading System

- ✿ The EU fertilizer sector is at high risk of carbon leakage with a worsening of the net trade balance in ETS III + increased climate ambitions of ETS IV.
- ✿ Essential for industrial decarbonization:
  - Strengthened carbon leakage protection for EU ETS sectors (CBAM + free allocation, cf. next slides).
  - Long term stability of the EU ETS is needed to support large scale investments in low-carbon technologies as well as their scaling up.
  - Even distribution of emission reduction efforts between EU ETS and non-ETS sectors.
  - Allocation of ETS revenues to support industrial decarbonization.

# Carbon Border Adjustment Mechanism

- ✦ Free allocations in the ETS ensure EU industry competitiveness at home and abroad.
- ✦ The need for an equal playing field.

## Fertilizers Europe model

Free allowances for the competitiveness of the EU value chain.

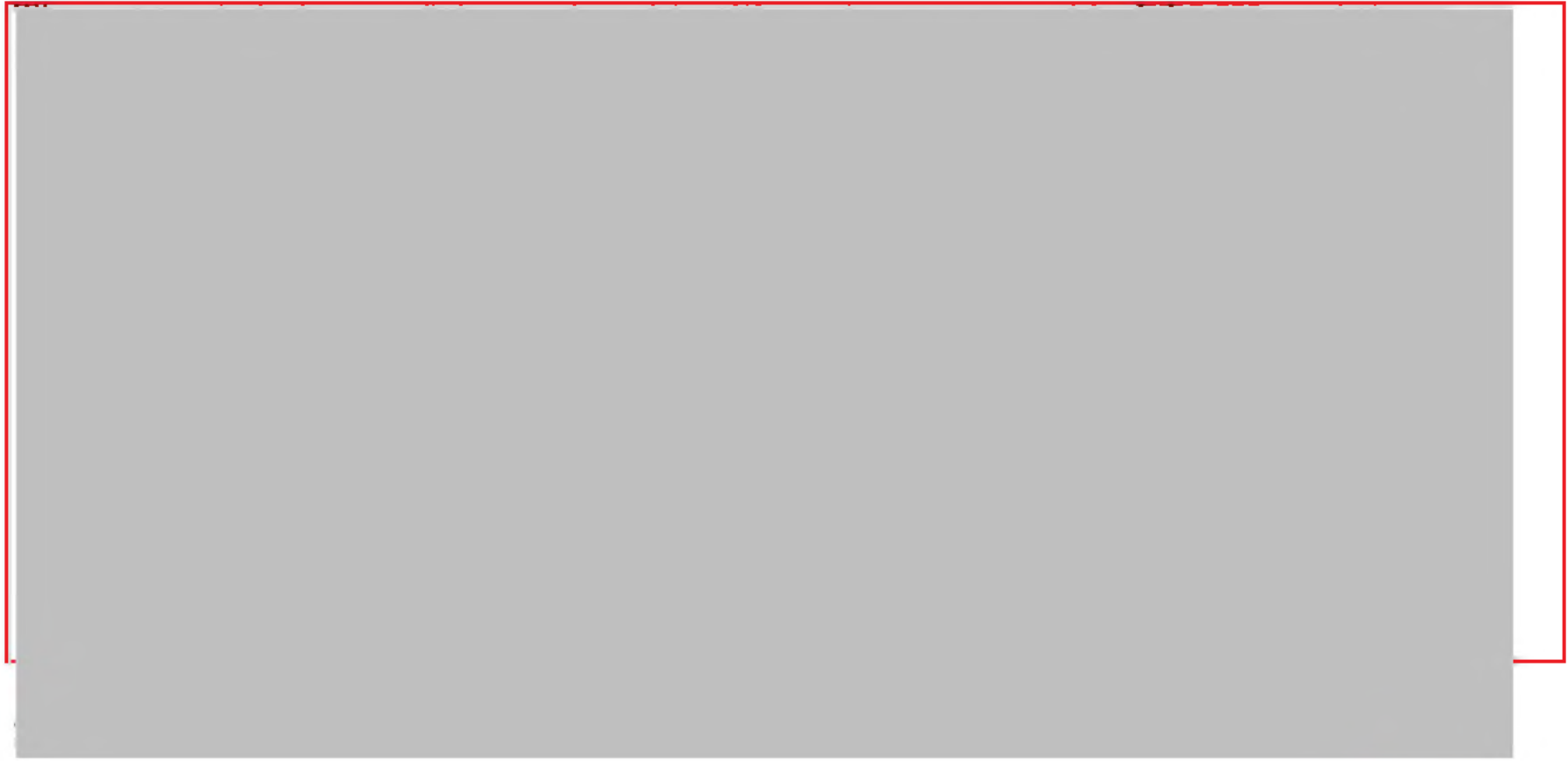
EU imports carbon border contribution depending on a default product value for GHG emissions above ETS benchmark.

Individual importers can obtain EU verified certificates proving their real carbon emissions

Exports would need an equivalent mechanism to ensure a level playing field and avoid carbon leakage.

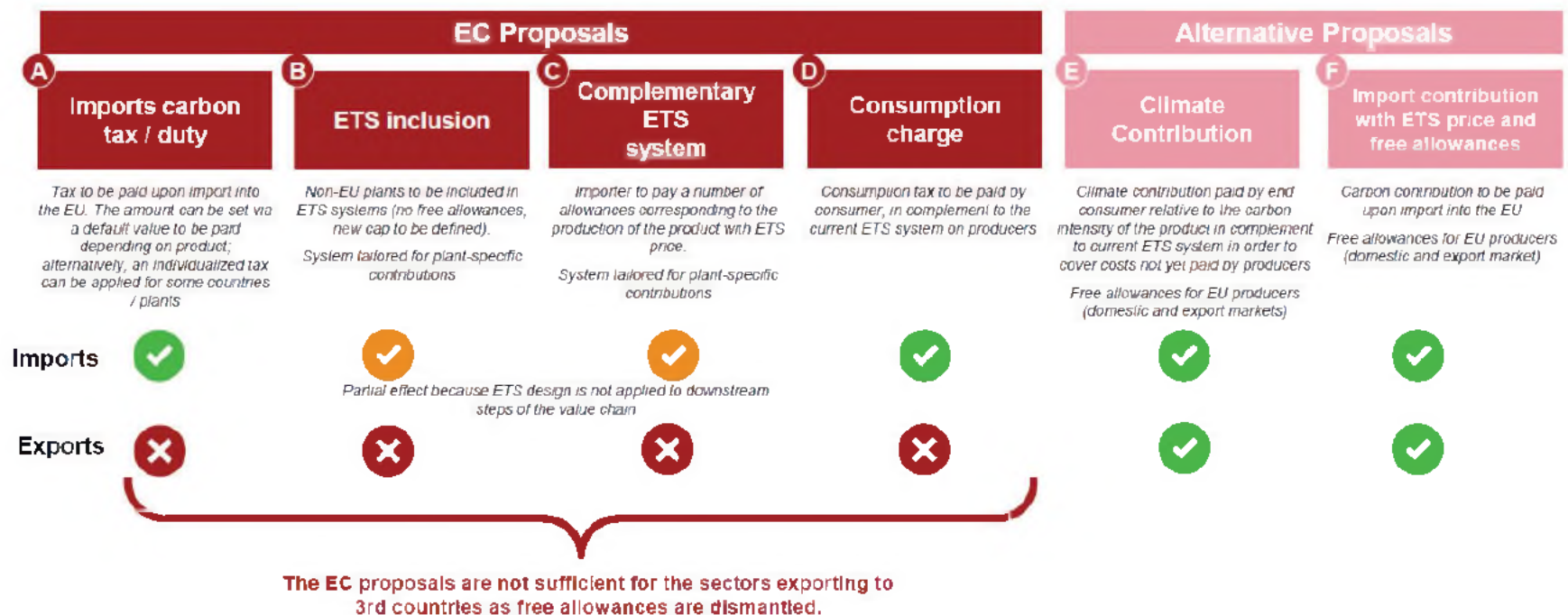
High carbon content and simple product structure make the fertilizer sector ideal to be one of the first for CBAM.

# PWC 2020 Study – Carbon Border Adjustment Mechanism

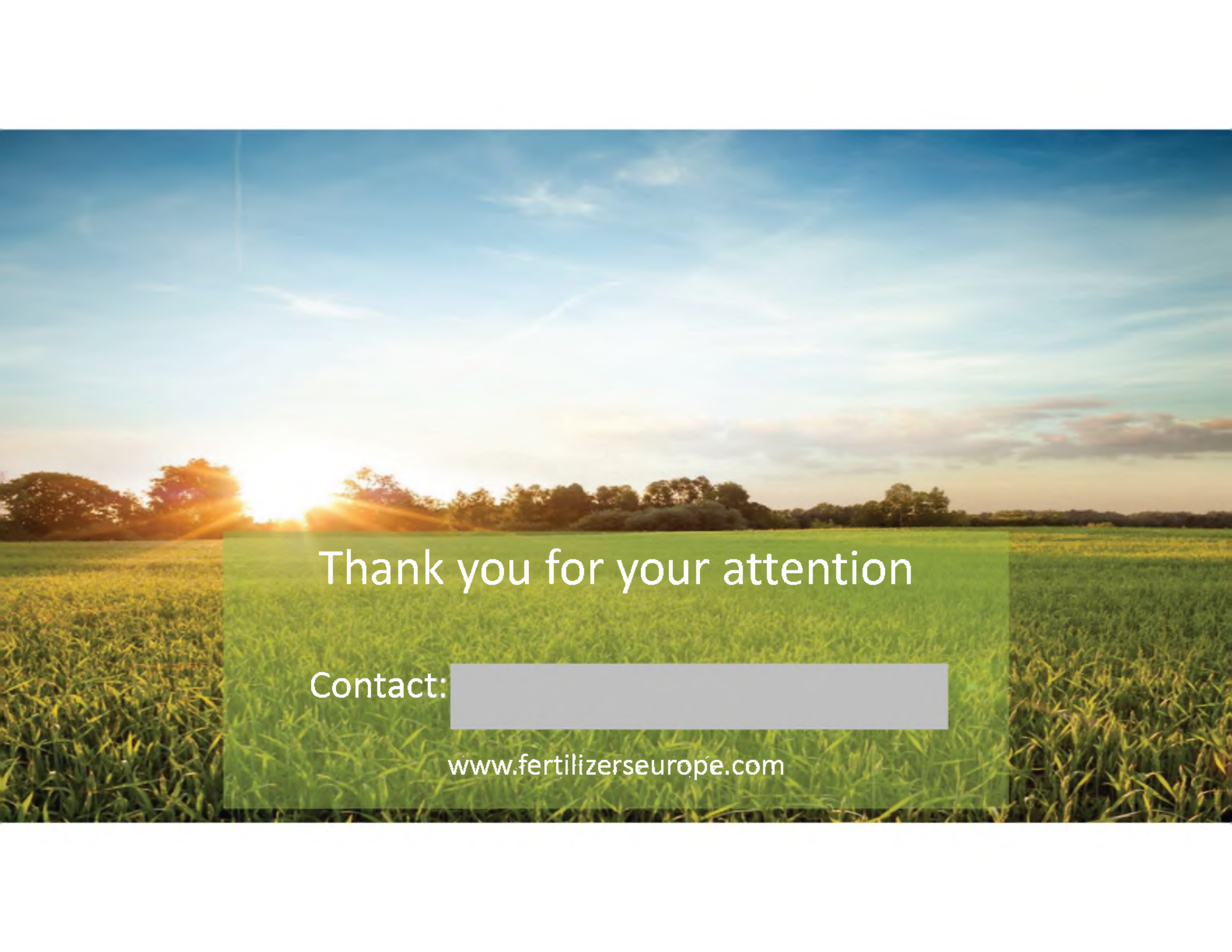


# PWC 2020 Study – Carbon Border Adjustment Mechanism

The study considered four EC CBAM design options and two alternative CBAM options combining free allowances and consumer/import carbon contribution



- For the transition to succeed, we need co-existence between a CBAM and free allocation.
- Exports would need an equivalent mechanism to ensure a playing level field and avoid carbon leakage.



Thank you for your attention

Contact:

[www.fertilizerseurope.com](http://www.fertilizerseurope.com)