

13 February 2017

Dear Member of the European Parliament,

Concerning vote on the ETS proposal and specifically the correctional factor

In view of the plenary vote on the revision of the EU Emissions Trading System (EU ETS), the EU fertilizer industry wants to reiterate its **strong support to the proposal for the most exposed carbon leakage sectors to be exempt from the correction factor. We therefore support the whole text of amendment 71 of the ENVI Report.** It is of utmost importance that the most vulnerable sectors are provided with a final “safety net”. The corrected correction factor proposed by the ENVI Committee is the balance that ensures a level of protection without over-penalising other sectors.

Fertilizers represent as much as 28% of the emissions of the whole EU chemical industry

The fertilizer industry has been under-allocated in the region of 3 million allowances each year since the beginning of ETS 3 (2013). This has been confirmed by a study from January 2017. Compared to the chemical sector taken as a whole, this represents by far the biggest under-allocation.

Fertilizers are exposed to high trade intensity (around 40% in 2016) and have a high emission intensity due to the process emissions, and following the laws of chemistry making it practically impossible to significantly further reduce emissions.

Carbon leakage is thus a very real threat to our industry and any application of a uniform correction factor would severely threaten the survival of the sector. Therefore we hope you will continue to support the well-balanced corrected correction factor proposed by the ENVI Committee.

For more information, including on the study from January 2017, please see our website:
www.fertilizerseurope.com.

Best regards



Jacob Hansen