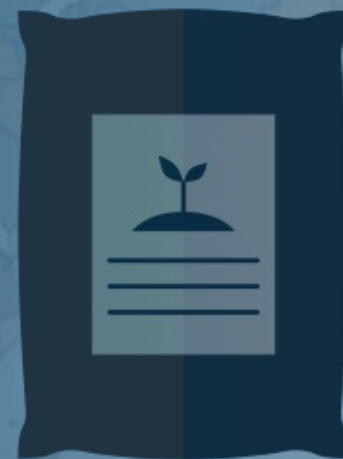


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# **CBAM and Fertilizers**

**focus on EU-27**



# CBAM

## Carbon Border Adjustment Mechanism

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There are more and more measures implemented within the European Union aiming at reducing the environmental impact of production.

However, that risks to reduce the competitiveness of local production compared to those in other countries with less stringent environmental restrictions.

Therefore, it is necessary to adopt a global perspective to implement effective solutions that avoid carbon leakage and weakening of EU climate goals. On the other hand, emissions know no borders.

In this context, the CBAM was devised as **a mechanism that wants to adequate the emission cost** associated with imported products to the emission cost of domestic products.

# Carbon Border Adjustment Mechanism

- Those who import a good in the EU-27 **will pay a quota**;
- The quota will be computed **based on the emissions** associated with the production of the traded good;
- The payment result in a certificate **that allows the import** of goods produced according to environmental restrictions that are less stringent compared to the EU.

The included products up to date are: **cement, iron and steel, aluminum, fertilizers, electricity, and hydrogen**. Other categories could be included in the future.

The Aim

**To avoid carbon leakage  
in other countries.**

1<sup>st</sup> October 2023 - 31<sup>st</sup> December 2025 → **Transitional phase**

- Meant to **collect data on emissions** of greenhouse gasses incorporated within import (direct and indirect emissions) as reported by importers
- Analysis on a quarterly basis
- No additional cost

# Definitive regime

2026 - Full **activation** of the mechanism:

- The cost will be **variable**, associated with the trend of the weekly auction price of **Emission Trading Scheme quotas** (EUR/ton of emitted CO<sub>2</sub>).
- If a carbon price has already been paid during the imported goods' production, the correspondent amount **can be subtracted**.
- **National authorities** will take care of the importers' registration and CBAM certificate sale.
- Revenues distribution: 25% allocated to Member States, 75% to EU balance from Member States after funding requests from the European Commission.

## CBAM activation:

- Aims at inducing companies in supplying countries to reduce emissions;
- It will likely increase the cost of imported goods, reducing their competitive advantage with domestic products, but...
- ... increasing the production cost of those EU products made using imported inputs affected by the CBAM.

# Fertilizers

EU-27 + focus on Italy, Germany and France

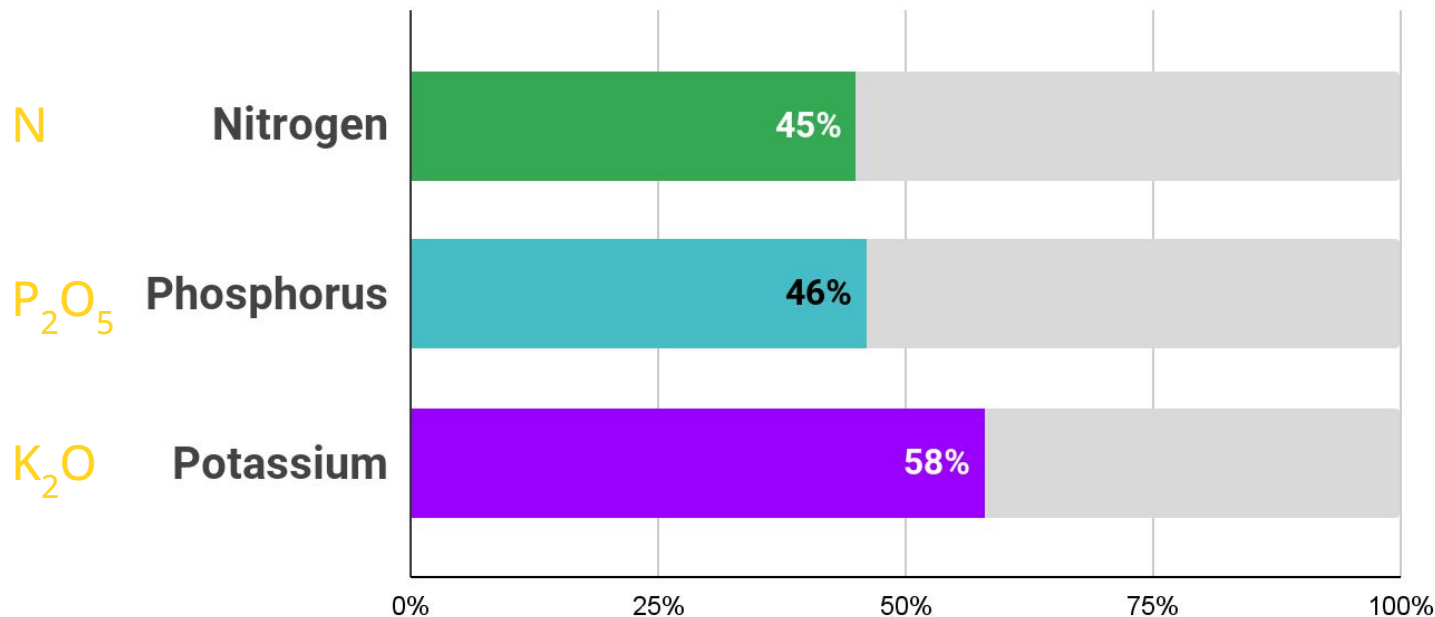
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Fertilizers are among the products affected by the CBAM.

In the following slides we analyze the weight of imports over consumption within the EU and which countries supply the EU.

## EU-27: Import % on consumption (Nutrients)

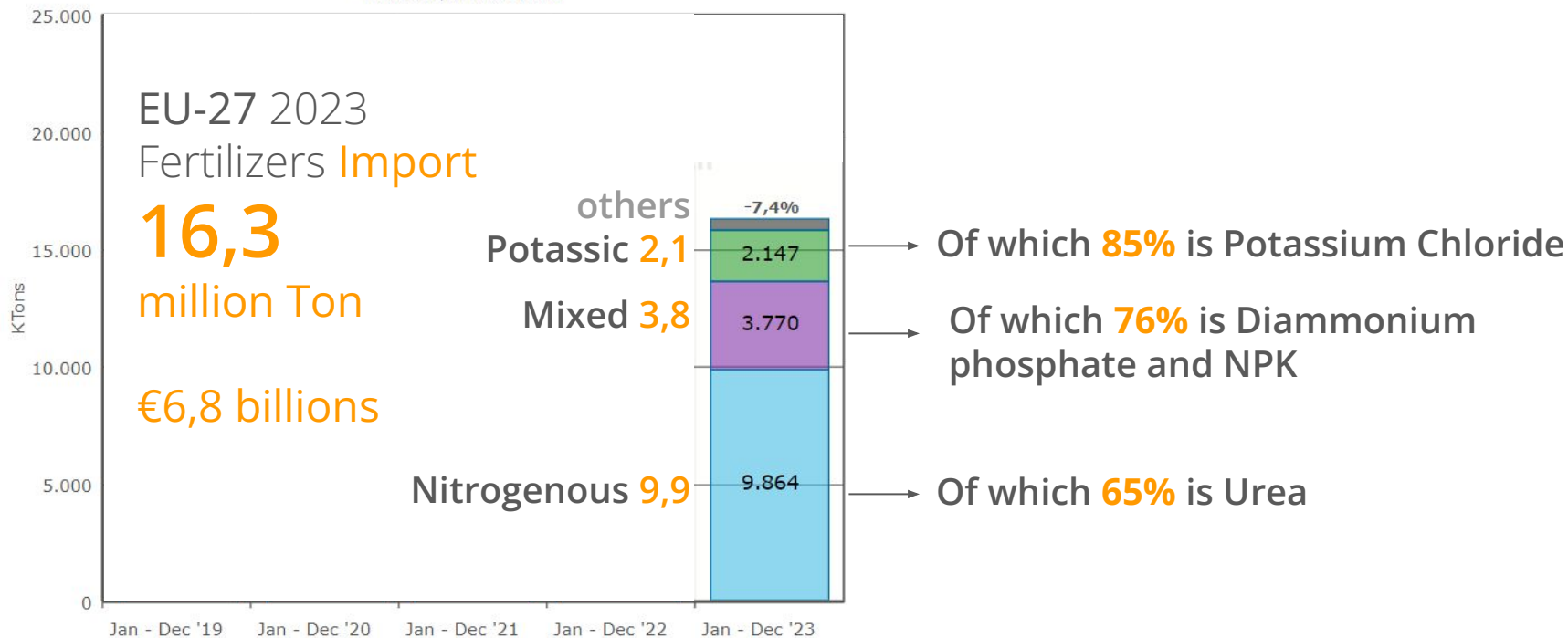
Year: 2022 - Source: Fertilizers Europe/Eurostat



# EU-27: Import of Fertilizers by type

## EU-27: Import Fertilizers (ANNUAL)

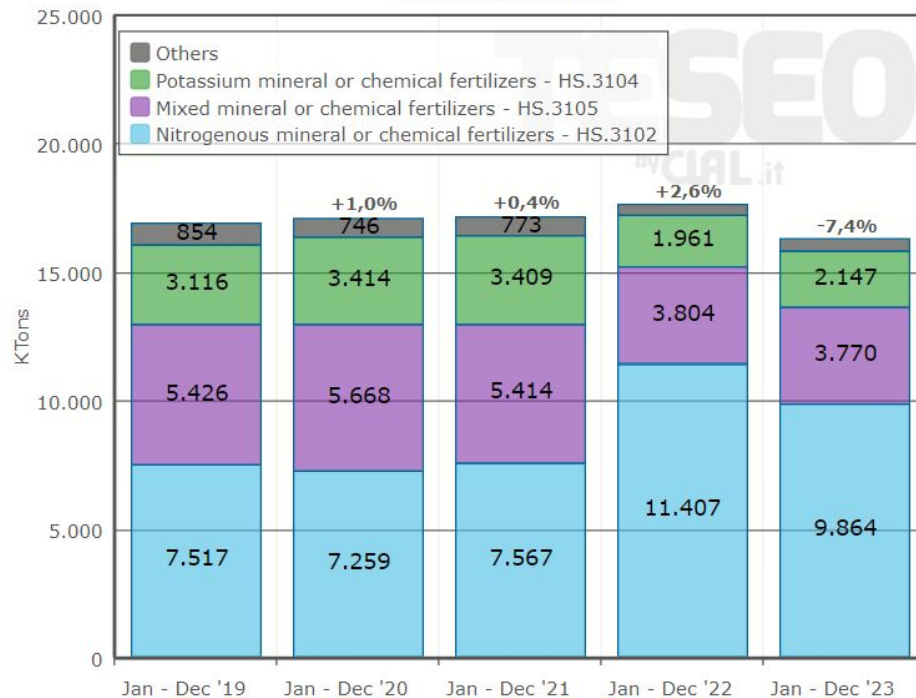
Processed by CLAL on IHS data



# EU-27: Import of Fertilizers, last 5 years

## EU-27: Import Fertilizers (ANNUAL)

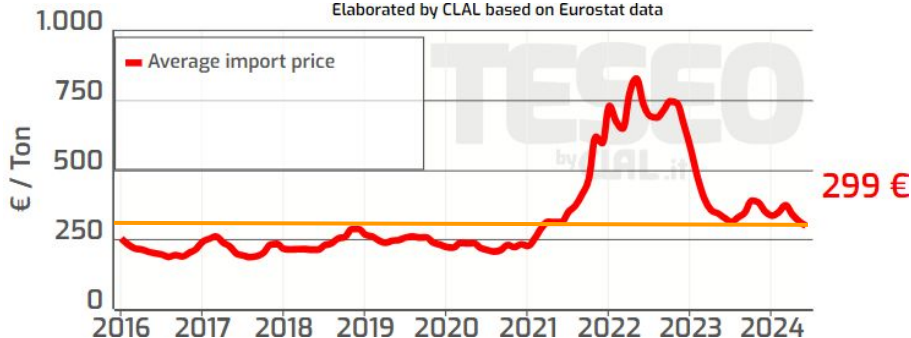
Processed by CLAL on IHS data



# EU-27: Import prices of Fertilizers

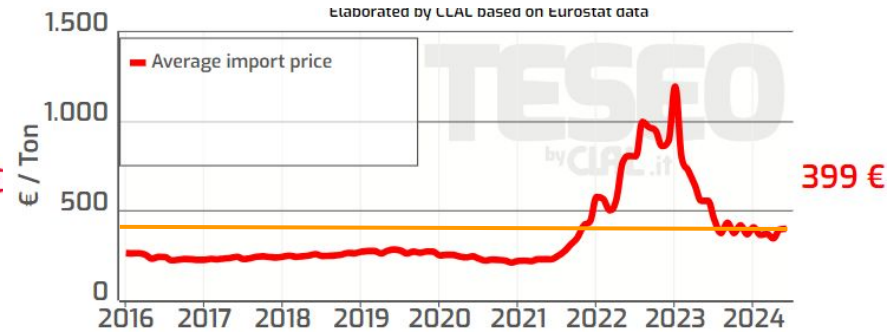
## UREA

Elaborated by CLAL based on Eurostat data



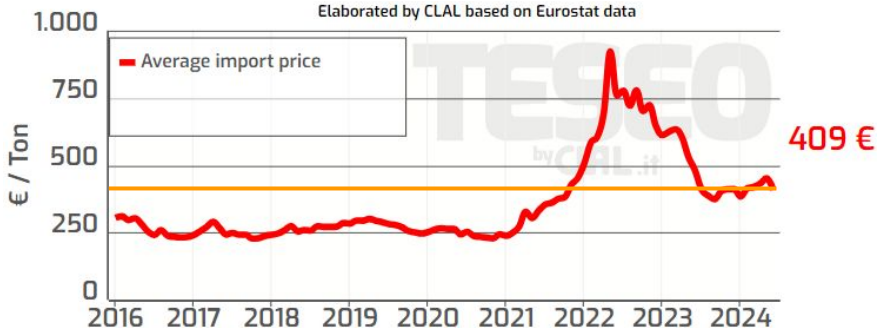
## POTASSIUM CHLORIDE

Elaborated by CLAL based on Eurostat data



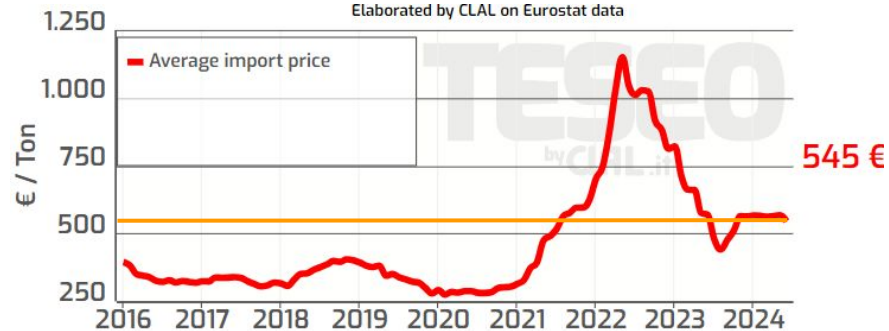
## NPK

Elaborated by CLAL based on Eurostat data



## DIAMMONIUM PHOSPHATE

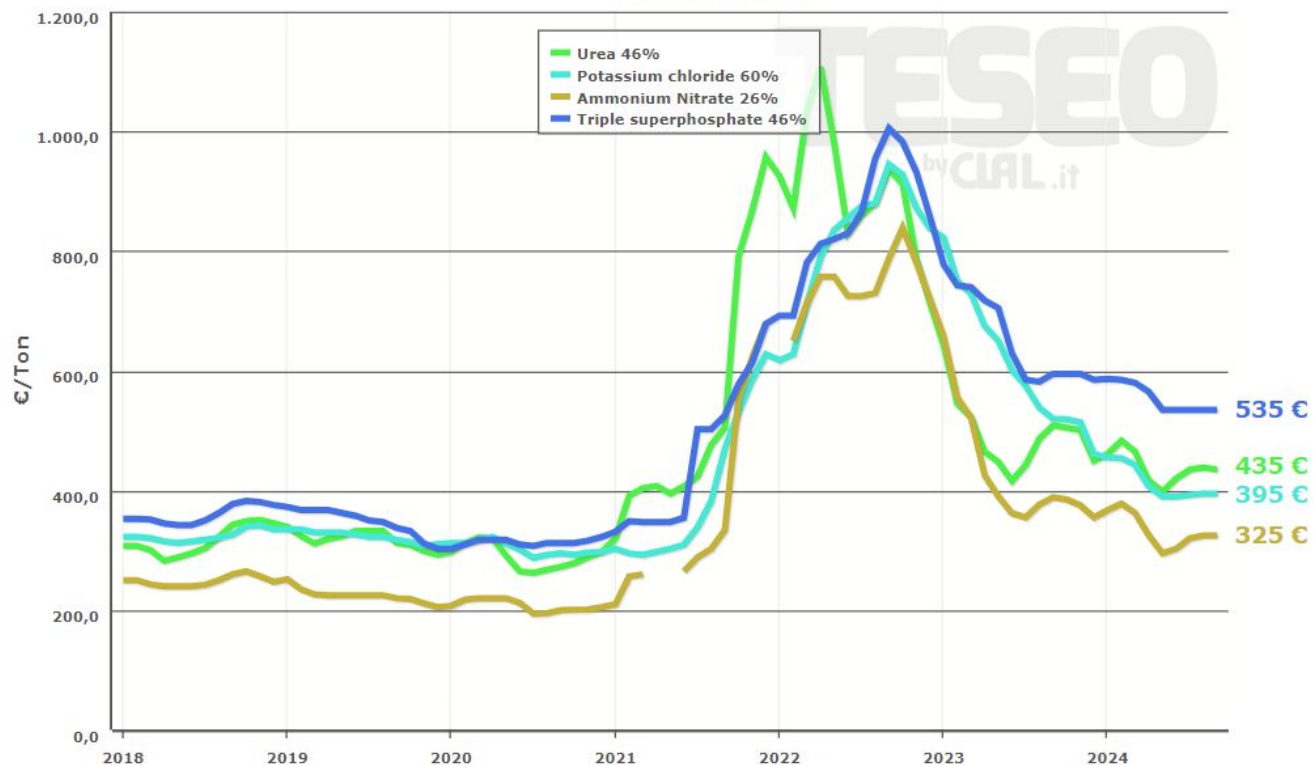
Elaborated by CLAL on Eurostat data



# Italy: Fertilizers' prices

## Price comparison of the Fertilizers

Turin Chamber of Commerce

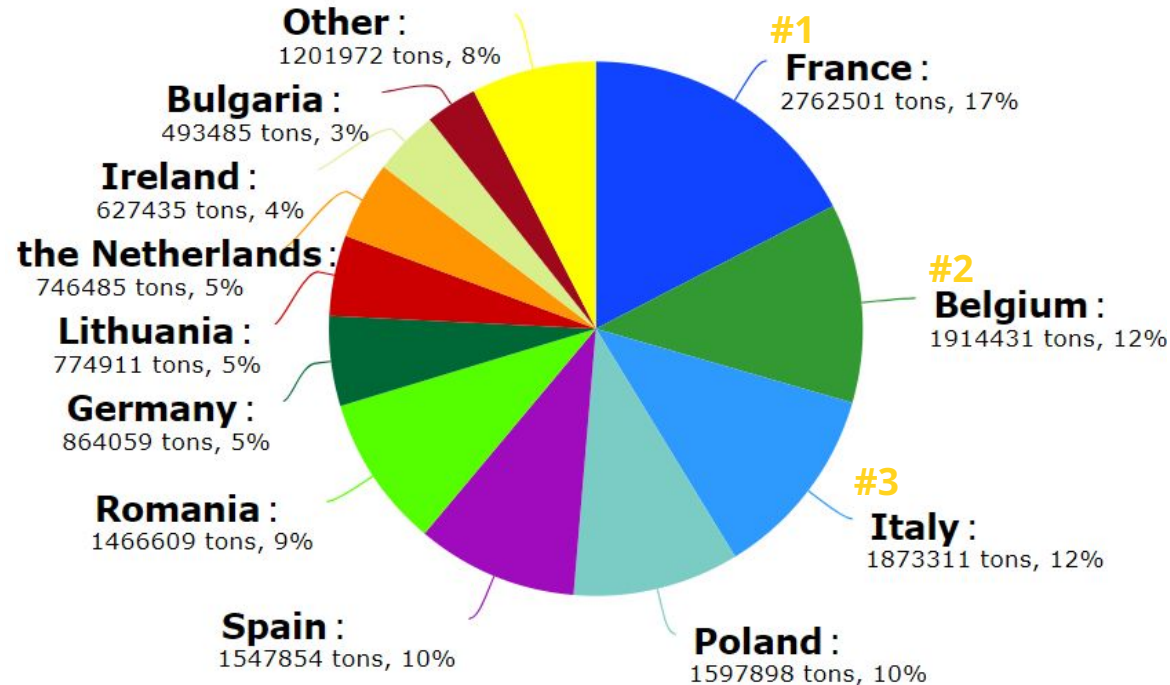


Last update:  
10/09/2024

# EU-27: Import of Fertilizers by Country

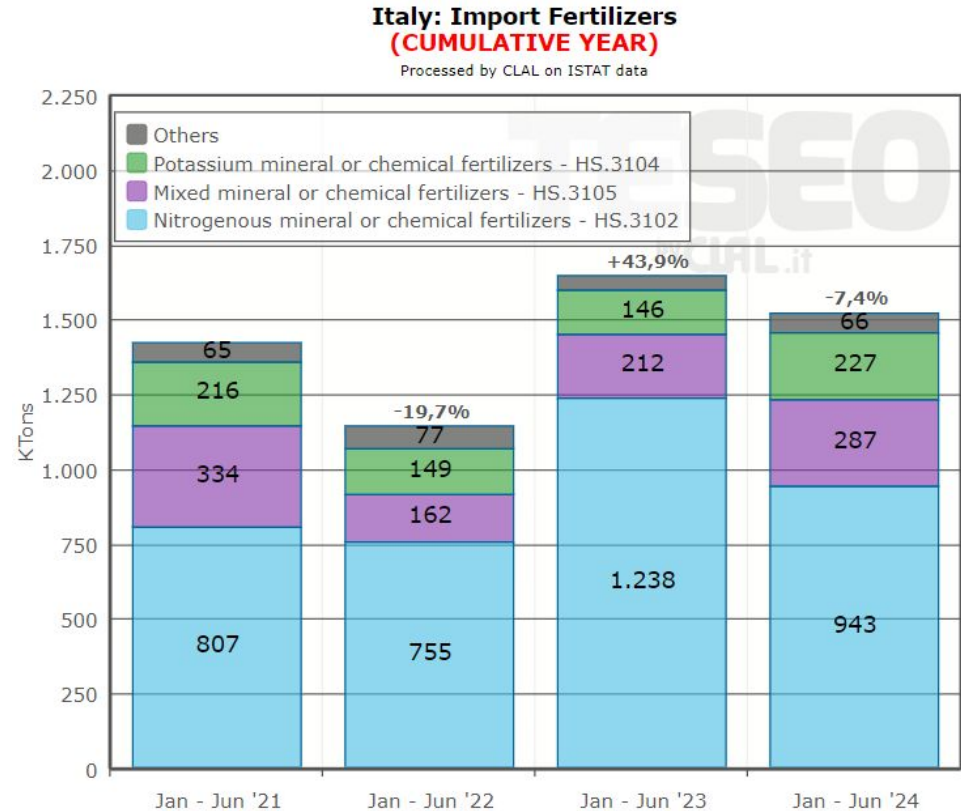
## EU-27: Fertilizers' import by country in 2023

Source: Eurostat

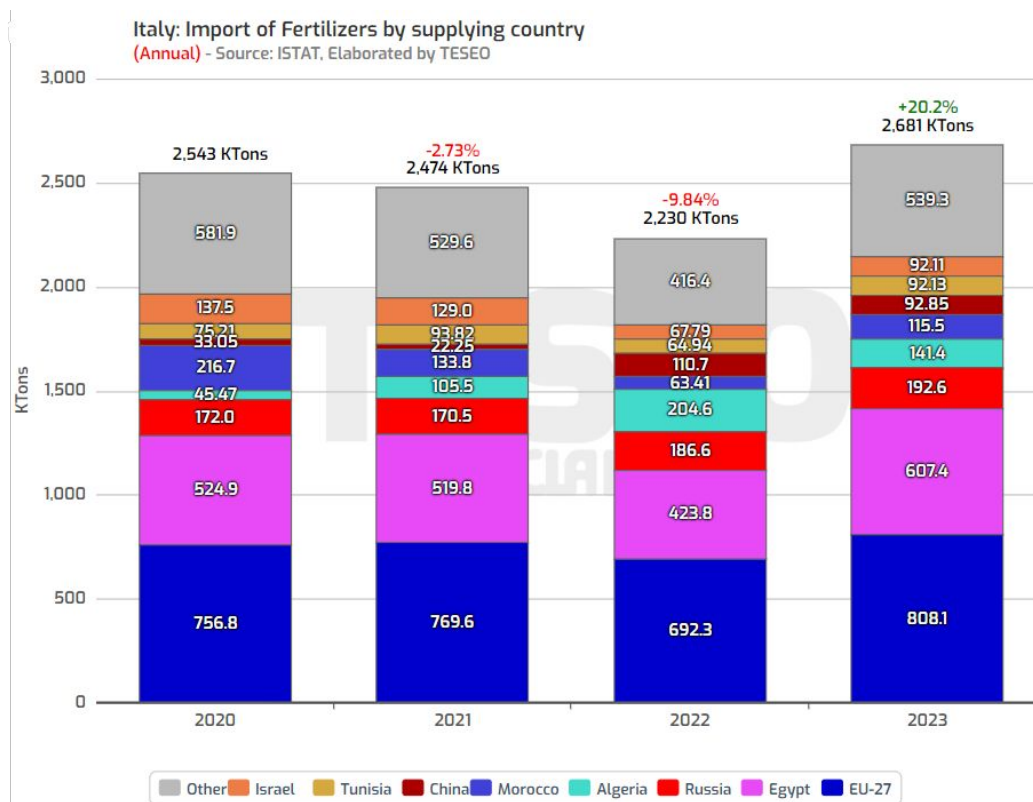


# Italy: Fertilizers' import by type

Italy 2023  
Fertilizers Import  
**2,7**  
million Tons  
  
€1,2 billions



# Italy: Fertilizers' import by Supplying Country



Morocco 4,3%

Algeria 5,3%

Russia 7,2%

Egypt 23%

EU-27 30%

# Germany: Fertilizers' import by type

Germany 2023

Fertilizers Import

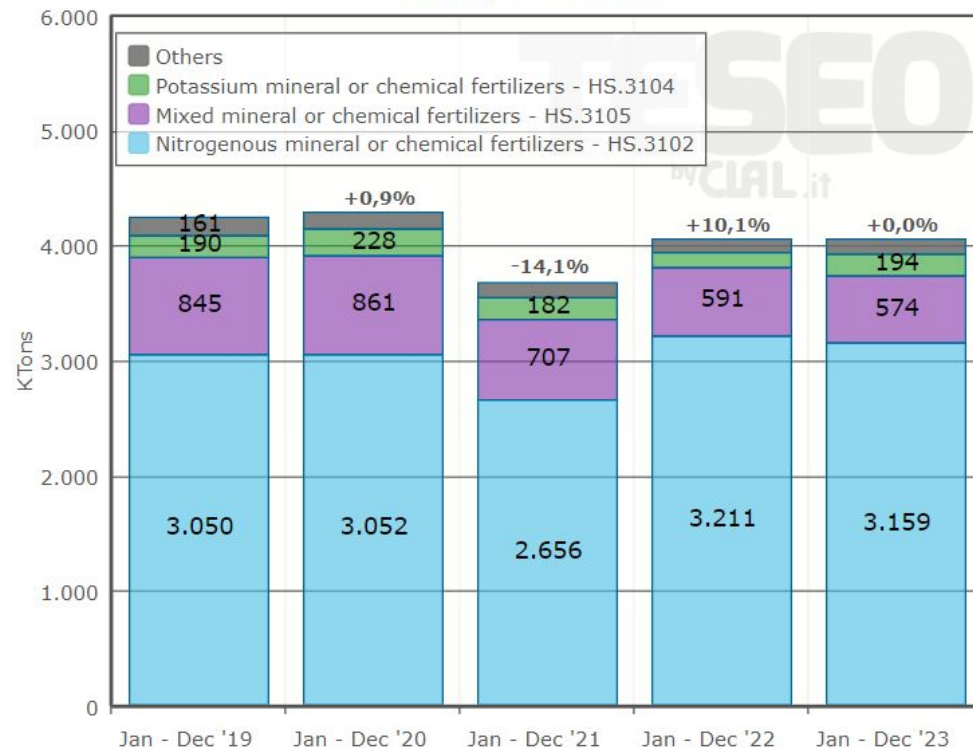
4,05

million Tons

€1,4 billions

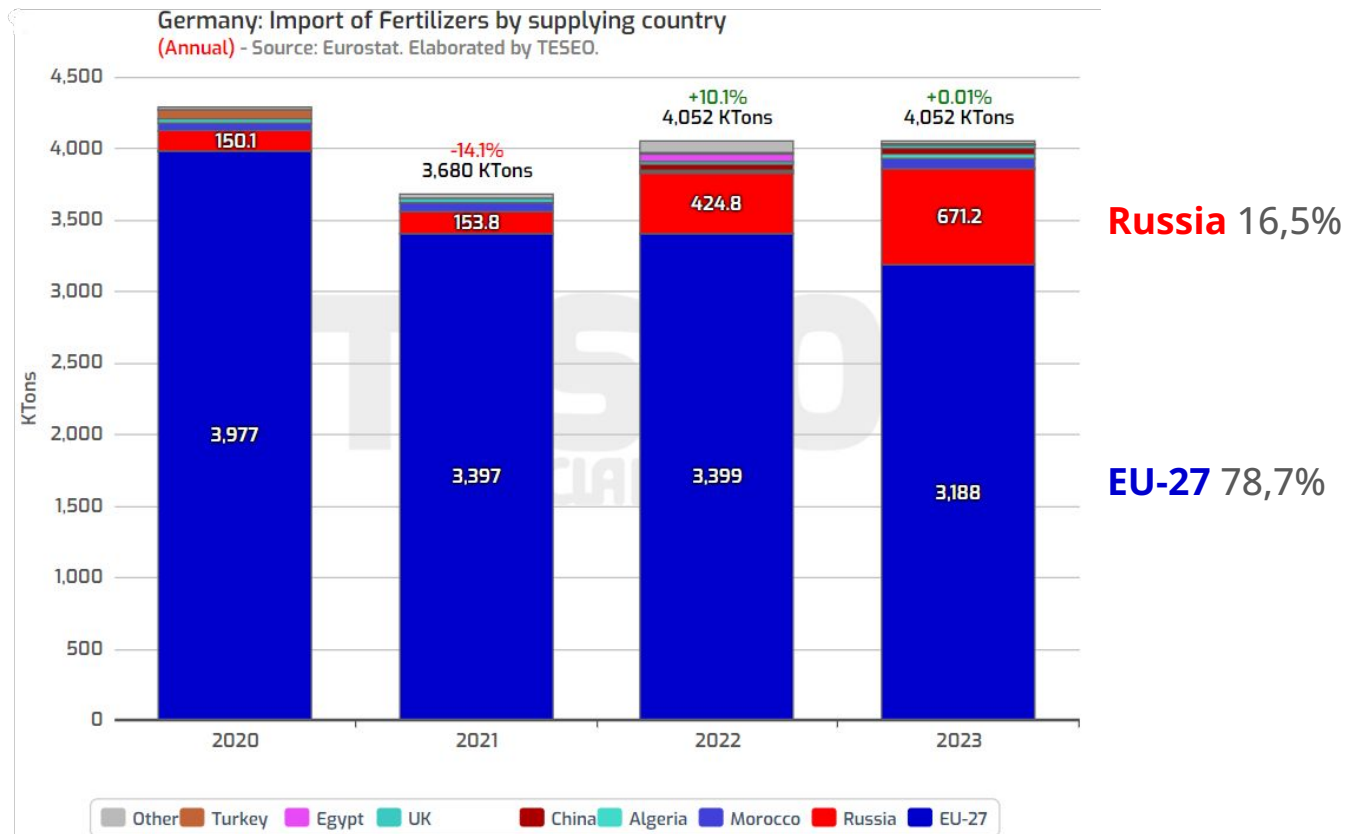
## Germany: Import Fertilizers (ANNUAL)

Processed by CLAL on Eurostat data



Last update:  
10/09/2024

# Germany: Fertilizers' import by Supplying Country

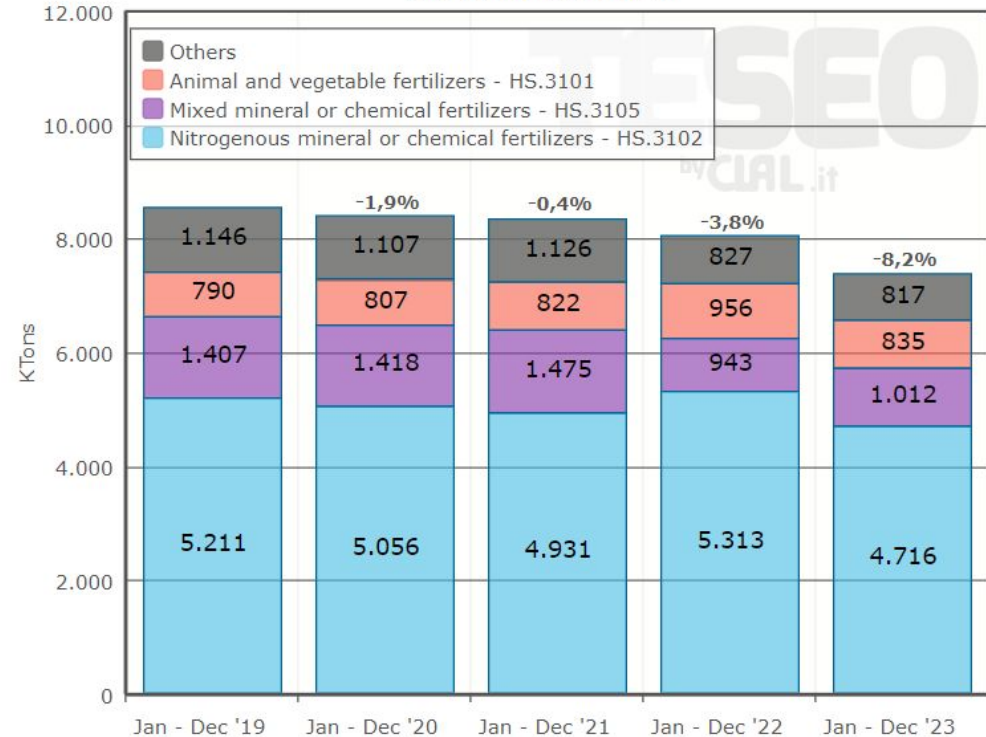


# France: Fertilizers' import by type

France 2023  
Fertilizers Import  
**7,4**  
million Tons  
  
€2,6 billions

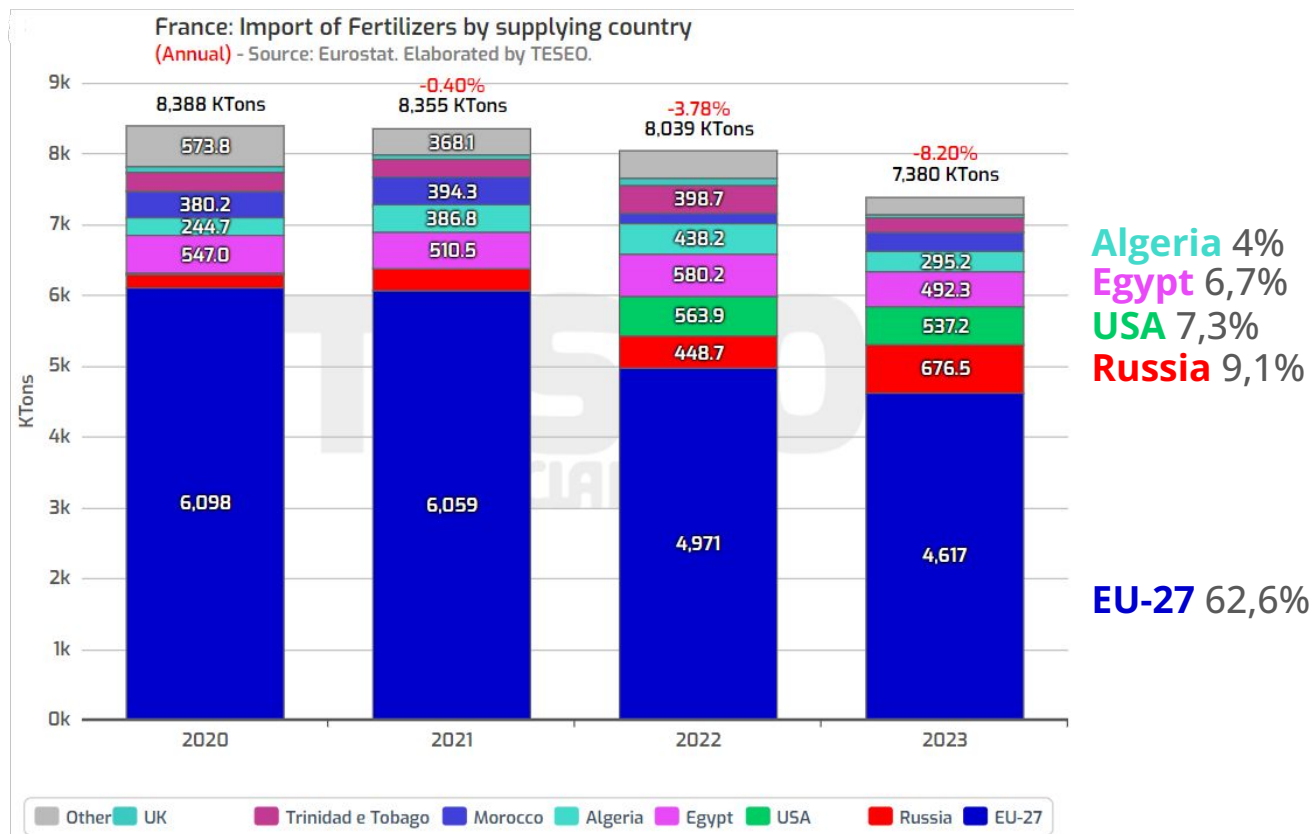
## France: Import Fertilizers (ANNUAL)

Processed by CLAL on Eurostat data



Last update:  
10/09/2024

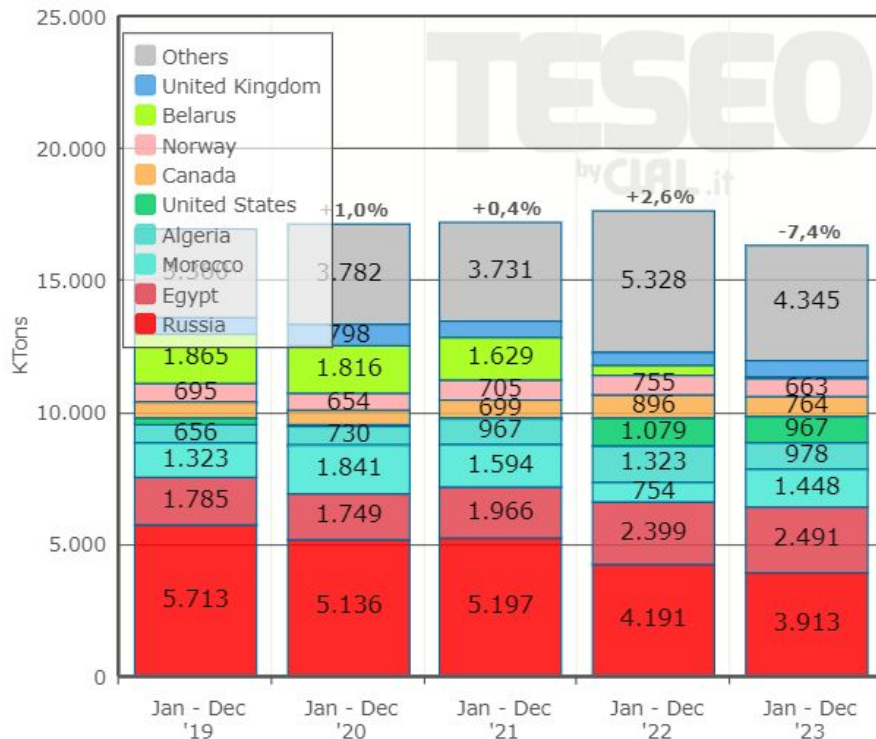
# France: Fertilizers' import by Supplying Country



# EU-27: Fertilizers' import by Supplying Country

## EU-27: Import Fertilizers Principal suppliers (ANNUAL)

Processed by CLAL on IHS data



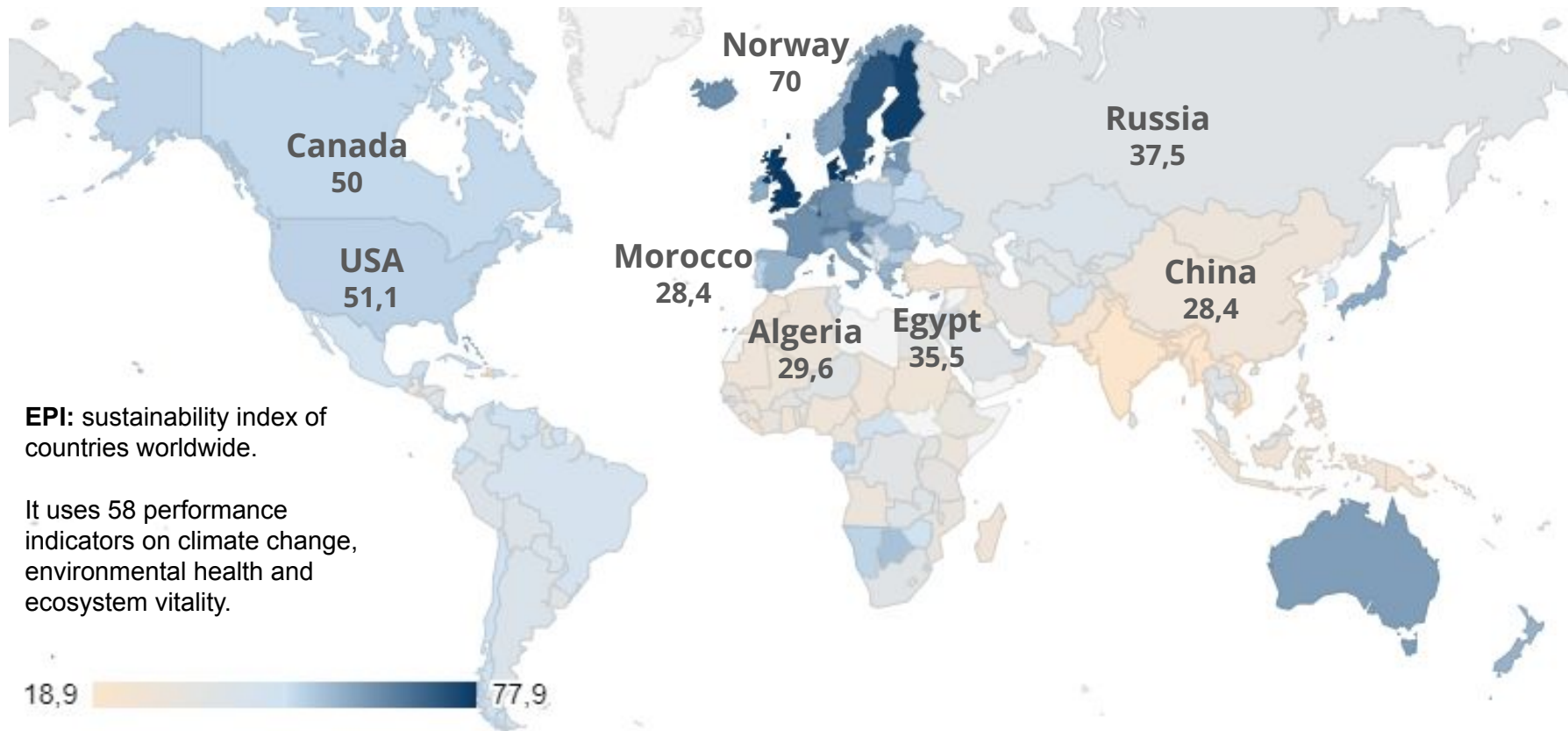
**Algeria** Urea

**Morocco** Diammonium phosphate

**Egypt** Urea

**Russia** Urea

# World: Environmental policies



This Analysis  
has been realized by  
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