

Dear Ladies and Gentlemen,

On behalf of Yara International, many thanks for the insightful discussion on the Industrial Accelerator Act (IAA) and the Carbon Border Adjustment Mechanism (CBAM) yesterday.

We highly value your expressed support for a future inclusion of ammonia and fertilisers in an EU-level lead markets initiative. In this respect, we appreciated your comment that CBAM sectors should become part of such an important demand-creation initiative. Should this not be possible under the upcoming IAA, we would welcome your support towards EU stakeholders to address our strategic sector in the follow-up actions of the Chemicals Industry Action Plan or the simplification of the Fertilising Products Regulation. We see this as a natural step following the extensive collaboration between BMW, dena and our industry in the context of the [dialogue on low-carbon ammonia and fertilisers](#). Indeed, our sector is strategic for food security in Germany and Europe in an increasingly unstable geopolitical context. It is also key for the hydrogen market, representing 40% of European hydrogen today. Against this background, we are asking for your support to strengthen future-proof business cases for low-carbon fertilisers at the EU level.

We also discussed the CBAM and the need for a feasible export solution that does not distort the Internal Market for fertilisers. As promised, I am sharing the information (mail-attachment) that has been transmitted to DG TAXUD and DG CLIMA. As explained to them, it is necessary to **avoid second-order effects in agricultural practices by incentivising urea-based fertilisers over nitrate-based fertilisers**. If more inefficient fertilisers like urea (31021019) are partially exempted from CBAM/ETS and more efficient fertilisers like nitrates (31024010) and NPK (31052010) are not, then products such as urea (31021019) which deliver less yield to the farmer and have more harmful in-field emissions of ammonia and N₂O, would be advantaged. Since imports are the main price driver for commodity fertilisers, the CBAM adjustment would have a strong impact on market dynamics. Option 1 presented by the Commission (“eligible if trade intensity > 30%”) happens to create the least distortion on second order effects as codes 31024010 and 31021019 are well below. But overall we do not recommend the approach to differentiate between fertilizer products.

In the same mail-attachment you’ll find the slides presented to DG Clima, a selection of which we also showed to you. The two pdf’s are the documents of the Commission.

We also promised to share https://www.stiftung-klima.de/app/uploads/2025/11/SKN_Paper_Gruener-Ammoniak.pdf

Finally, as noted during our meeting, we are looking forward to a speedy start of the CBAM and the finalisation of the pending implementing acts to ensure watertight application. We will also reach out to your colleagues at BMUKN as you suggested.

We hope to reconnect with you following the presentation of the discussed EU initiatives. In the meantime, we remain available to support your work.

Kind regards,