

9<sup>th</sup> January 2026

## Press Release – Ammonia Europe warns against the removal of ammonia MFN tariffs

Ammonia Europe denounces the proposal raised at the Meeting of EU Agriculture Ministers on the 7th January to remove the Most Favoured Nation (MFN) tariff on ammonia, urea and, where needed, certain other fertilisers as a means to offset the cost impact of the Carbon Border Adjustment Mechanism (CBAM). This MFN tariff suspension proposal represents an **indirect attempt to circumvent CBAM**, this approach is unjustified. In addition, the Commission tries to alter CBAM's perceived economic effect referenced in Article 27a of the CBAM amendment proposal which still needs to undergo the co-decision procedure.

**The European ammonia industry calls on policymakers to reject short-term fixes that undermine long-term policy coherence. The solution lies in urgently addressing Europe's energy cost crisis, ensuring effective carbon leakage protection, and safeguarding strategic industrial capacity within the EU. This proposal does not address the root causes of Europe's competitiveness crisis** but undermines its environmental integrity and exposes European producers to competition from regions with lower environmental and safety standards.

European ammonia producers face a dual challenge from increasing carbon costs under the EU ETS and the phase out of Free Allowances with the introduction of CBAM. The European Commission mentioned that while “prices had stabilised, fertiliser costs remain around 60 percent higher than in 2020”. However, **this fails to recognise that the raw material - natural gas - cost for ammonia production has not stabilised back to the 2020 levels** (Global average 2020 TTF price of ~3 USD/MMBtu), remaining elevated (Jan 2026 TTF current price of ~10 USD/MMBtu), reducing the operational capacity of EU production and continuing business uncertainty<sup>1</sup>. Removing MFN tariffs does nothing to address this structural issue but rewards imports produced with cheaper energy and greater carbon intensity, ultimately further weakening the EU's industrial base. Compensatory measures must be implemented symmetrically ensuring a level playing field for EU producers.

It should be highlighted **that ammonia spans beyond fertilisers. It's a building block of the European chemical industry**, essential for a wide range of downstream applications including pharmaceuticals, plastics, resins, glues, explosives, and emerging clean technologies as a marine fuel and hydrogen carrier. It has been identified as a critical chemical within the Communication on a European Chemicals Industry Action Plan and Ammonia Europe is working within the Critical Chemicals Alliance. Yet, this

<sup>1</sup> <https://www.tradingview.com/chart/?symbol=NYMEX%3ATTE1%21> - TTF gas price of Natural Gas in USD/MMBtu



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measure would undermine these efforts to address the risks of capacity closures in the sector and to ensure fair competition. Additionally, **ammonia-based chemicals other than fertilisers are carrying significant ETS costs**, which need immediate support because CBAM, in complex value chains, cannot prevent carbon leakage. Furthermore, **incentives for clean ammonia are equally important** given its role in the decarbonisation beyond the traditional values chains in maritime and energy sectors.

We look forward to working with the European Commission, Parliament and Council on this important matter.