

To:

Minister Maria Panayiotou
Deputy Permanent Representative to the EU, Georgios Ioannides
Chair ENVI Committee Pierfrancesco Maran
Vice-Chair ENVI Committee Esther Herranz Garcia
Vice-Chair ENVI Committee Pietro Fiocchi
Vice-Chair ENVI Committee Anja Hazekamp
Vice-Chair ENVI Committee András Tivadar Kulja

CC :

President Ursula von der Leyen
Executive Vice-President Teresa Ribera
Executive Vice-President Stéphane Séjourné
Commissioner Maroš Šefčovič
Commissioner Wopke Hoekstra
Commissioner Christophe Hansen

Joint call of European & Global industry for the removal of Article 27a of the proposed revision of the CBAM Regulation

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We, the undersigned organisations, represent industrial champions investing in clean hydrogen, ammonia, steel, and fertilisers both within and outside the European Union. Our members are advancing decarbonisation of critical industrial value chains and support the EU's objective to align climate ambition with industrial growth and competitiveness. At a time of heightened geopolitical and economic uncertainty, Europe's ability to offer stable and foreseeable rules represents a decisive competitive advantage.

To strengthen this competitive advantage, we call for the removal of Article 27a of the Carbon Border Adjustment Mechanism (CBAM) Regulation, which undermines market confidence and risks jeopardising investment in decarbonisation in CBAM sectors and beyond.

On 17 December 2025 the European Commission published a proposal to amend the CBAM, to provide measures to extend the scheme's scope and address circumvention opportunities. The goal of this proposal was to strengthen the CBAM and to expand as a cornerstone of the EU environmental policy underpinned by robust carbon pricing. However, by introducing a temporary suspension mechanism under a new Article 27a, the European Commission risks eroding investor confidence and fundamentally undermining the market trust in the CBAM, the EU's carbon pricing system and the overall credibility of the EU energy and climate regulatory framework.

Through Article 27a, the Commission could temporarily suspend goods, such as fertilisers, from the scope of the CBAM as long as their continued inclusion under the CBAM causes "*severe harm to the Union internal market*" due to "*serious and unforeseen circumstances related to the impact on the prices of goods*." This instrument lacks any foreseeable, and time-bound conditions governing when and how such an instrument may be triggered and administered, nor does it include a definition of "unforeseen events".

The regulatory system of the CBAM has been an important anchor for investment in Europe and beyond, helping to drive decarbonisation of industrial processes including fertilisers, steel and other hard-to-abate sectors. This anchor is now being compromised with Article 27a.

Food security, affordability, and decarbonisation are not competing objectives but mutually reinforcing outcomes. Local renewable and low-carbon ammonia complemented by imports are vital for strengthening European agrifood supply **security and diversification, resilience and cost-efficiency**. Here is why:

Strengthening agrifood resilience and supply diversification: EU reliance on Russian fertiliser imports remains structurally high, with Russia accounting for around 30% of EU nitrogen fertiliser imports. A 20% increase in nitrogen fertiliser imports in early 2025 was driven largely by stockpiling in response to tariff uncertainty on Russian fertilisers, not demand growth.¹ This confirms that trade uncertainty rather than CBAM has been the key driver of recent price pressures. A stable and credible CBAM framework is therefore also essential to support diversification away from high-risk suppliers.

Reducing exposure to fossil fuel and gas price volatility: Recent price volatility has been driven by natural gas price increases in late 2024 and broader geopolitical uncertainty, with nitrogen fertiliser prices remaining around 19% above April 2024 levels by April 2025.² The fertiliser sector remains highly exposed to gas price swings. Weakening CBAM through Article 27a would further increase long-term exposure to fossil fuel price shocks, incentivise short-term market behaviour, and deter investment in renewable and low-carbon ammonia and fertiliser production.

For producers and exporters of CBAM-covered goods, such as renewable and low-carbon ammonia and fertilisers, the ability to make long-term investment decisions today is predicated on clear, stable rules, and robust carbon pricing.

The proposed emergency brake has had an immediate tangible and materially disruptive effect on the fertiliser markets. Buyers have delayed contract negotiations, sellers hesitated to price CBAM-related costs, and forward markets have effectively been stalled.

The long-term implications of Article 27a proposal are even more consequential for investment in clean energy and fertiliser value chains, as well as the expansion of robust carbon pricing mechanisms. Project developers and investors must decide today how to price future CBAM exposure over asset lifetimes of 15 to 30 years, which is made impossible with Article 27a. In addition, the proposed Article 27a mechanism discourages other major economies from establishing their own carbon pricing systems; something the CBAM had as an explicit goal.

Open-ended retroactivity under the proposed Article 27a creates a precedent that opens the door for exempting other covered goods from CBAM. It creates a significant investment risk for decarbonisation projects for all CBAM-covered goods resulting in investment decisions being deferred or relocated. It risks undermining the outcome CBAM seeks to achieve - sustained investment in low-carbon solutions serving the European market. First movers, both in the EU and globally, are undermined if compliance undertaken in good faith today can be revisited retroactively tomorrow.



¹ European Commission Fertilizers Market Observatory, Fertiliser market analysis from 19 May 2025, available at https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories/fertilisers/expert-group_en#ref-2025

² Ibidem