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#### NOTE

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From:	General Secretariat of the Council
To:	Delegations
Subject:	Difficult situation on agricultural markets resulting from increasing prices of fertilizers <i>- Information from the Polish delegation</i>

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Delegations will find in Annex a note from Polish delegation on the above subject, concerning an item under "Any other business" at the Council ("Agriculture and Fisheries") on 11-12 October 2021.

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**Difficult situation on agricultural markets resulting from increasing prices of fertilizers**

For many years now climate changes have had an enormous impact on the lives of European citizens, including farmers. Increasingly observed weather anomalies more and more frequently demand dynamic responses and adaptation in order to act 'here and now'. Climate factors being a source of difficulties for crop production, as well as a cost driver, have now been further compounded by consequences of the Covid-19 pandemic and, even more recently, the current situation in the global gas market with growing prices.

The price increases observed in the global gas market are a significant factor in price increases on means of production, resulting in a clear increase in the costs of agricultural activity. The growth in the prices of fertilizers (a core means of plant production), in which in Poland's case gas prices are a factor, is the most perceivable and concerning.

Also in the Union market the current crisis situation is a direct consequence of the increase in gas prices, the source of which should be sought in the decisions of the Gazprom enterprise, which blocked the sale of this resource.

In the current year the prices of mineral fertilizers in global have been ca. 79.3% higher compared to last year. As an example, in June, the World Bank's Fertilizer Price Index reached 119.8 points — its highest score since May 2013. For comparison, one year before, in June 2020, it had been 66.8 points. Within 12 months, ammonium phosphate and triple superphosphate (TSP) have more than doubled, and urea has gained 94.7%. During this period the price index for energy raw materials has seen a 92.6% price increase, including 177.6% on natural gas, with phosphorites gaining 66.7%.

When examining the price increases on fertilizers — core means of production in plant production — resulting from the increases in gas prices, it must be noted that this situation is posing a threat to the achievement of the European Union's key assumptions arising from the European Green Deal, i.e. transformation of the EU into a modern competitive economy in which no one and no region are left behind. Moreover, as the Commission notes, the benefit coming from the European Green Deal is to be the improvement of the well-being and health of the citizens and future generations and securing availability of affordable food. Nor is it possible to ignore here the Commission's goals expressed in the 'Farm to Fork' Strategy, in which the need to guarantee food security is highlighted. In line with the Strategy, the balanced food system must guarantee the availability of a sufficient and varied offer of safe, complete and affordable food for the population, at all time. Without putting a halt to the increase in fertilizer prices resulting from the increasing prices of gas in the global market, the aforementioned expectations will become extremely difficult or even impossible to meet.

Of course, there will be the option of importing cheaper, lower-quality food from non-EU countries; that, however, is not our goal in our common actions to protect the environment, the climate and the citizens of the Union while maintaining the competitive potential of European farming.

Furthermore, as the pandemic has demonstrated, we need to act 'here and now' in order not to jeopardize food security and not to weaken the competitive position of European agriculture.

The impact of the fertilizer crisis will spread across the whole economy, which, in turn, will result in social unrest throughout the entire European Union, thus endangering the security and safety of the individual member states.

Therefore, appreciating the role and the tasks entrusted to the Commissioner for Agriculture by the President of the European Commission, Ms Ursula von der Leyen, in whose words: *'Providing affordable food for citizens and a fair standard of living for farmers is one of Europe's founding missions,'* Poland herewith moves as follows:

- For the European Commission to take decisive and specific actions to either stabilize or temporarily compensate for the high costs of fertilizers, achieving which will translate into stabilization of food prices;
- To urgently deal with the issue of providing support for farmers in this crisis situation;

- To proceed not only with temporary but also holistic solutions to guarantee the continued viability of plant production for farmers and consequently affordable food for EU citizens. It is our role to sustain the competitiveness of the European agricultural sector in the global market. The importance of this is significant in how what we are going to do now will determine the conditions in which our children are going to live and will define Europe's place in the world.
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