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## NOTE

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From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB item for the meeting of the “Agriculture and Fisheries” Council on 26 January 2026: Arable farmers under pressure: urgent action to protect EU agriculture - <i>Information from Austria</i>

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### **EU arable farmers are under severe economic pressure threatening their economic viability.**

Low producer prices are accompanied by sharply increased production costs, leaving many farms unable to cover their costs. A key cost driver is fertiliser prices, which have risen significantly since 2020 and account for 15-30% of production costs, depending on the crop and Member State.

At the same time, **cereal prices have fallen back to 2020 levels**. Switching to alternative arable crops, such as sugar beet, potatoes or oilseeds, does not provide relief, as they also fetch low prices and/or incur high fertiliser costs.

**Additional burdens** arise from **EU customs policy** on fertilisers, which was introduced without any mitigating measures for farmers. The effects are particularly evident in the prices of nitrogen-based fertilisers, which are up 10-20 % compared to 2024, despite relatively stable gas prices, which are widely considered as key cost driver. Further tightening of the situation is expected.

From 1 January 2026 onwards, the **Carbon Border Adjustment Mechanism** (CBAM) will also apply to **fertilisers**. Estimates suggest **further price increases** of 10-15 % (e.g. for urea). At the same time, the technical prerequisites for a reliable implementation of CBAM are not yet fully in place. The resulting price uncertainty has already led to a **decline in fertiliser imports**.

This is particularly critical as the EU is highly dependent on imports (nitrogen: 30 %, phosphate: 68 %, potash: 85 %). In many regions, stock levels and domestic production fall short of meeting the demand for the next harvest. Existing and potential disruptions to import flows jeopardise security of supply and risk regional bottlenecks and yield losses.

**European agriculture cannot absorb further cost increases.** Additional burdens threaten the **economic viability of farms** and the **EU's food security**.

Against this background, Austria **urges the European Commission to take the following measures:**

### **1. Immediate suspension of CBAM for fertilisers**

The CBAM must be immediately suspended for fertilisers until:

- the regular possibility to temporarily suspend CBAM on fertilisers is ensured.
- full technical operability is guaranteed;
- clear and predictable carbon pricing mechanisms are in place; and
- a reliable framework for importers and supply chains is restored.

The current system of quarterly average prices creates significant and unpredictable risks for importers and threatens the supply for agriculture.

### **2. Compensating for the competitive disadvantage of agriculture**

The CBAM protects the fertiliser industry, while the additional costs resulting from the border adjustment mechanism are shifted onto farmers. At the same time, European farmers remain unprotected against cheap imports from third countries which are produced without comparable requirements. Agriculture must not bear the cost disadvantage of CBAM alone.

- A mechanism to compensate agriculture for this competitive disadvantage should be established.

### **3. Increased transparency and monitoring of the fertiliser market**

Due to the high concentration among a few producers, a comprehensive market overview is particularly needed. Existing data on market prices and production volumes are not sufficiently or appropriately available. We therefore call on the Commission to:

- present a common strategy to secure fertiliser supply, enhance market transparency and ensure fair competition.
- systematically collect and publish: production volumes of specific fertilisers, regional end-user prices, capacity utilisation, trade flows and market structures.

### **4. Mandatory analysis of the overall impact on agriculture**

Fertiliser prices are a key cost factor for agriculture. As the sole relevant buyer of fertilisers, agriculture is directly affected by any regulatory changes in the fertiliser market.

- Future EU measures affecting the fertiliser market (e.g. tariffs, anti-dumping, CBAM) must, on mandatory basis, systematically assess their impact on costs, competitiveness and farm incomes.

### **5. Temporary suspension of MFN tariffs and specific anti-dumping duties on fertilisers in the union interest**

*MFN (most favoured nations) tariffs*, originally designed to protect the European fertiliser industry, have had the unintended effect of further increasing fertiliser prices for farmers. Anti-dumping duties currently in force (22,4 EUR per tonne on imports from Trinidad and Tobago and 29,48 EUR per tonne on imports from the United States of America) further contribute to higher fertiliser prices in Europe. Although these measures were adopted based on market conditions at the time of the original investigation and its review, their continued application under current exceptional circumstances risks disproportionately burdening farmers and undermining broader Union objectives.

- A temporary and immediate suspension of these tariffs, as already announced by the European Commission, is necessary in addition to the measures mentioned above to reduce fertiliser costs.

- Furthermore, MFN tariff suspension should not be limited to upstream products such as ammonium and urea, which are partly processed by the EU fertiliser industry. It should also be extended to fertilisers directly applied in agriculture (e.g. UAN, AN, CAN, DAP and MAP) to ensure a direct and tangible cost reduction for farmers.
  - The current anti-dumping duties on fertilisers help EU companies avoid unfair competition, but they contribute to further increasing the prices of fertilisers in Europe. A comprehensive analysis should be conducted.
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