Dear Madam, Dear Sir,

GPN share the response submitted by CEFIC and would highlight the following issues for the fertilizer industry:

1) There is a strong need for establishing a global climate policy with a common international regulatory framework. The policy should favour industries that operate with low carbon footprints, and should encourage the development of cost efficient technologies for the reduction of climate gas emissions.

2) In the absence of a global agreement effective by 2020 the European Union should revisit its reduction ambitions.

3) GPN supports the methodology of emission trading systems (ETS), provided sufficient free allocations are given to avoid carbon leakage as long as there is no full global participation. The targets should be based on emission intensities rather than absolute emission volumes.

4) Alternatively, an international levy per ton CO2 could be envisaged. This needs to be established on a global scale. It would have the advantage of simplicity but would not provide as strong a driver for emissions reductions as a global ETS-like system.

5) The climate policy should promote regulations that take account of the use of products. This is of particular importance for fertilizers since different fertilizers give rise to different climate gas emissions on the farmer's field. In addition, considering downstream use will also stimulate the farmers to adopt modern agricultural and fertilizing practices. This has the potential for significantly reducing the emission of climate gases from agriculture, without the loss of yield. Carbon footprint methodologies can provide a tool for the development of such regulations.

6) Since climate gas emissions are strongly related to the use of energy (energy carrier and efficiency), it would be desirable to accommodate effects of differences of international pricing of energy. The variations in energy pricing today, coupled with the lack of a common climate policy, give rise to closure of efficient industries in the more costly and strictly regulated regions. In order to meet the growing demand for fertilizers, this leads to the growth of fertilizer capacity in less

regulated regions and resulting in higher climate gas emissions on a global scale. This is opposite to the intentions of the climate policy.