

Press Release

Why has no one yet addressed the estimated cost of CBAM for European farmers?

The fertiliser crisis triggered by the war in Iran has, in recent weeks, brought renewed attention in the public debate to farmers' opposition to the Carbon Border Adjustment Mechanism (CBAM). While a range of general political arguments have been put forward, one crucial question has been absent: what will this new mechanism cost European farmers and is it sustainable for the sector? Copa and Cogeca have carried out an initial estimate that should raise serious concern: over a seven-year period, the cost of CBAM for farmers could reach €39 billion, equivalent to 10% of the current CAP budget over the same period.

In [a video released on Tuesday 5 May](#), Copa and Cogeca set out the reasons for their opposition to CBAM. Originally, the mechanism was designed to support industries covered by the EU Emissions Trading System (ETS), which prices CO₂ emissions. While this instrument drives decarbonisation, it also increases production costs within the EU and can reduce competitiveness compared to international producers. CBAM was therefore created to ensure that imported goods face a comparable carbon price at the EU border, preventing carbon leakage. In principle, such a mechanism is understandable. However, the inclusion of fertilisers fundamentally changes the equation for farmers.

Around 30% of nitrogen fertilisers used in the EU are imported, and the CBAM levy will have a direct impact: in 2026 alone, prices are expected to increase by around 15% on average. The European Commission's approach foresees a steady and progressive increase of this tax up to 2034. As a result, the direct cost of CBAM is estimated by Copa and Cogeca and its members at around €820 million in 2026, rising to €3.4 billion by 2034. Over the next seven years, this would amount to approximately €12 billion*.

This would be the price of this mechanism in a theoretical economy. If one considers the price alignment that EU-based fertiliser producers could operate, Copa and Cogeca estimate that the overall cost for farmers could reach up to €39 billion over seven years**, roughly equivalent to 10% of the current CAP budget***.



In this context, the Iran crisis also acts as a revealing stress test of a structural scissors effect facing European farmers: fertilisers costs are increasingly exposed to additional policy-driven charges, while agricultural output prices remain set on global markets. This structural imbalance is dangerous for both food security in the EU and the long-term sustainability of European agriculture.

This is why the European farming community opposes CBAM in its current form, and why this issue should raise concern far beyond the agricultural sector.

Copa and Cogeca therefore call, in the context of the fertiliser plan expected on 19 May, at a minimum for the suspension of the mechanism and long-term measures to offset CBAM-related costs for farmers. In addition, full clarity should be given on how the CBAM revenues will be redistributed within the EU.

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Note to the editors: * The figures presented for the CBAM levy across the different years have been calculated using the CBAM methodology, including the default values and benchmarks provided by the European Commission, and assuming a level of fertiliser imports equivalent to that of 2025. The CO₂ price applied in the calculations for each year is based on [projections from ADEME](#) (the French Agency for Ecological Transition).

** With regard to the overall cost of CBAM for farmers, the analysis also takes into account the indirect price effects observed on the EU fertiliser market. In addition to imported products, there is evidence that domestically produced nitrogen fertilisers tend to align their prices with import levels, thereby incorporating the impact of the CBAM levy. According to data from the [EU Fertilisers Observatory](#), the average price increase for nitrogen fertilisers (including those produced within the EU) between October and February (a period coinciding with the initial effects of CBAM implementation) was approximately 13.6%. This increase closely mirrors the estimated average CBAM levy on imported nitrogen fertilisers, which stands at 14.8%. On this basis and considering that imported nitrogen fertilisers account for approximately 30% of EU consumption, the analysis extends the estimated CBAM-related cost beyond imports to the broader EU fertiliser market.

*** This would represent 10% of the CAP budget for the 2021–2027 period, which amounts to €386.6 billion.

Translations will be available in DE, ES, FR, IT, PL and RO on the Copa-Cogeca website soon.

About us - Copa and Cogeca are the united voice of farmers and agri-cooperatives in the EU. Together, we ensure that EU agriculture is sustainable, innovative and competitive, while guaranteeing food security for 500 million people throughout Europe. >>> More information www.copa-cogeca.eu



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