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Grupa Azoty Group explores opportunities for collaborative decarbonisation projects with U.S. partners and the import of clean ammonia from the United States

Among various cost areas, ammonia represents a significant focus for the Grupa Azoty Group. This includes production costs, the cost of feedstock and costs associated with its carbon footprint. Consequently, the Group is actively seeking to establish partnerships with major decarbonised ammonia operators in the United States. Ultimately, this move could enhance the Grupa Azoty Group's position in the EU fertilizer producer market and further bolster the decarbonisation initiatives within the framework of the Group's Green Strategy. The initial course of action in this field was discussed during the US GULF COAST – CENTRAL EUROPE COOPERATION IN CLEAN HYDROGEN conference organised by the Grupa Azoty Group, held in Warsaw on November 2nd. The event, the first of its kind in Europe, drew the participation of representatives of leading European fertilizer companies and decarbonised ammonia operators from the United States. During the conference, discussions were conducted with the intention of formalising agreements for future collaboration.

The most significant challenge facing companies in the European Union is achieving net-zero emissions. This challenge has grown increasingly urgent in recent months, particularly for energy-intensive sectors like hydrogen and ammonia production industries. Since the beginning of the COVID-19 pandemic and Russia's aggression against Ukraine, the market has been marked by high volatility in feedstock and product prices, along with growing environmental pressures due to the EU's climate policy. At the same time, prices for finished products have been disproportionately low compared to their cost in the European market. The geopolitical and economic environment of the past three years has compounded these challenges, and years of experience have shown that planning and action are necessary to achieve better results and gain a competitive edge.

Central Europe has emerged as a key region for ammonia production in the European Union, accounting for nearly 40% of the total EU production. Over twenty-five fertilizer producers operate more than fifteen major production facilities in the region, playing a crucial role in ensuring food security in both Central Europe and the entire European Union.

The Grupa Azoty Group acknowledges that attaining the European Union's planned climate neutrality by 2050 demands substantial investments in zero- and low-carbon technologies to enable ammonia production with a reduced carbon footprint compared to ammonia produced using fossil fuels. These investments are pivotal in meeting the targets set by the EU for the fertilizer sector, which include defining the proportion of hydrogen usage, incorporating renewable ammonia into current hydrogen production, and reducing the financial expenditure for the acquisition of emission allowances within the greenhouse gas emissions trading scheme. It is also essential to consider Poland's requirements for generating renewable energy, which is needed at a rate four to five times greater than in conventional gas-based ammonia production.

To address the challenges presented by the EU's climate policy, the Grupa Azoty Group is actively pursuing strong collaboration with U.S. entities for joint decarbonisation projects and the import of clean ammonia. It is worth noting that the United States, as the world's third-largest ammonia producer, boasts extensive experience in ammonia production and transport infrastructure, with more than 3,000 kilometres of ammonia pipelines, more than 10,000 ammonia storage facilities and port infrastructure capable of exporting ammonia.

Most importantly, the regulatory environment in the United States and the European Union is conducive to fostering intercontinental cooperation. The Inflation Reduction Act, enacted in the United States in 2022, introduces numerous financial incentives for the production of zero- and low-carbon ammonia. Simultaneously, individual acts adopted in 2023 as part of the Fit for 55 package in the European Union are generating substantial demand for this commodity.

'As the Grupa Azoty Group, we are committed to decarbonising our production, as this is vital for our competitiveness, especially in light of the structural changes in the global environment and the subsequent climate policy regulations. Many companies are currently grappling with the tension between short-term financial performance and their commitments to achieving net-zero emissions. Consequently, it is of paramount importance to implement measures that integrate cost reductions and carbon reduction goals by enhancing energy and process efficiency and transitioning to lower-carbon raw materials. For these development projects and initiatives, the Grupa Azoty Group is actively seeking established partners with relevant experience. The conference involving EU fertilizer producers and U.S. companies engaged in decarbonised ammonia has enabled us to identify potential cooperation opportunities in the field of blue and green ammonia. We have the opportunity to lead the way in the Central and Eastern European market in this regard, and we are determined to harness this potential to the fullest. I expect that in the near future, we will be able to unveil our objectives that align with sustainable development,' **said Filip Grzegorczyk, Vice President of the Management Board of Grupa Azoty S.A.**

The conference organised by the Grupa Azoty Group drew the participation of representatives of major U.S. energy companies with a keen interest in producing green and low-carbon hydrogen, as well as prominent fertilizer producers from Central Europe.

On the second day of the event, participants will have the opportunity to visit the Puławy plant of the Grupa Azoty Group, which houses one of the largest and most advanced nitrogen fertilizer production facilities in the European Union.


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