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Strategic Planning for Fertiliser Imports:

Navigating the EU Carbon Border Adjustment Mechanism (CBAM)

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The EU Carbon Border Adjustment Mechanism (CBAM) is an EU initiative with the primary goal to reduce carbon emissions by imposing a fair price on the carbon emitted during the production of carbon-intensive goods imported into the EU. This mechanism aims to encourage cleaner industrial production in non-EU countries and to prevent carbon leakage, ensuring a level playing field for European businesses. The regulation was designed to align with the Paris Agreement and the EU's Fit for 55 package.

In this interview senior experts from Ramboll-SCC provide insights into the challenges the fertilizer industry faces and how Ramboll and SCC's combined expertise in sustainability requirements following their merger can help companies affected by CBAM to comply with the obligations of this legislation, turning compliance into competitive advantage.

? With the recent acquisition by Ramboll in September 2024, what does this mean for SCC's identity and service delivery in the agricultural space?

Ramboll's cross-market presence allows us to provide top-tier consulting services with a wider range of offerings. By integrating SCC's deep regulatory and scientific expertise, especially in plant health & nutrition products we deliver maximum benefits for our clients. Our combined 35 years of experience includes plant protection products, biopesticides, biostimulants, and fertilizers in the EU, Great Britain, and North America.

The merger has expanded our global presence with offices in Europe, North America, and APAC, a team of 80+ professionals, and partnerships in EMEA, LATAM, and APAC regions. This allows us to offer customized solutions, including support for environmental challenges, product stewardship, and ESG advisory. Clients benefit from a more integrated range of services tailored to their needs.

? With Ramboll's global reach across 35 countries and SCC's regulatory expertise, how are you positioning to help agricultural companies navigate different CBAM (EU Carbon Border Adjustment Mechanism) approaches as they emerge in various jurisdictions?

Ramboll and SCC's combined expertise in sustainability requirements allows us to help clients build strategic roadmaps to meet their obligations. We support agricultural companies by providing localized assistance through our teams, who understand regional regulations. We work closely with clients to bring their product onto the market, standardize data collection and emissions reporting, ensuring alignment with CBAM requirements across jurisdictions. This helps companies stay compliant and prepare for future changes.

? The merger brings together SCC's regulatory expertise with Ramboll's broader environmental and sustainability consulting. Can you give us a concrete example of how this integrated approach might benefit an agrochemical company facing both CBAM compliance and broader sustainability goals?

An agrochemical company exporting fertilizer ingredients to the EU faces both CBAM compliance and sustainability goals. Our combined expertise offers an integrated solution: SCC provides precise regulatory guidance to bring products onto the market, while Ramboll conducts product-level carbon footprinting and develops decarbonisation strategies.

We help clients prepare for CBAM enforcement by 2026 through a structured roadmap with key milestones, including:

- Assessing the carbon footprint of their supply chain to identify high-emission segments,
- Restructuring supply engagements into more diverse and agile models,
- Evaluating lower-carbon alternatives for raw materials and inputs,
- Optimizing transport and logistics by using eco-friendly options and improving efficiency,
- Building robust compliance and reporting systems aligned with CBAM's evolving requirements.

This integrated approach ensures that compliance efforts also drive sustainability performance, helping agrochemical companies stay competitive, resilient, and future-ready.

? How can agricultural businesses best leverage SCC and Ramboll's combined expertise to turn these regulatory challenges into competitive advantages?

Our combined approach integrates regulatory knowledge with sustainability solutions. This includes:

- **Regulatory Compliance:** Ensuring products meet standards to avoid fines and secure market access.
- **Risk Management:** Identifying and mitigating regulatory risks to protect investments and reputation.
- **Strategic Planning:** Creating strategic plans that combine market insights with regulatory compliance.
- **Stakeholder Engagement:** Managing relationships with regulators, customers, and the community to turn compliance into a competitive advantage.

The focus should be on viewing regulatory challenges as opportunities for growth and differentiation.

? The EU's Carbon Border Adjustment Mechanism (CBAM) went into effect in October 2023, with full implementation beginning in 2034. How do you see this impacting the agricultural supply chain, particularly for agrochemicals and fertilizer imports?

CBAM will significantly impact the agricultural supply chain - particularly fertilisers. In its initial scope, CBAM covers nitrogen-, phosphate-, and potash-based fertilisers. Importers are already required to report embedded emissions, and starting in 2026, they must purchase CBAM certificates reflecting the carbon intensity of these. Suppliers from countries without carbon pricing systems equivalent to the EU Emissions Trading System (ETS) will face added costs, reducing their competitiveness in the EU market. This could lead to both higher prices and reduced availability of high-emission fertilisers, especially from regions reliant on fossil-fuel-intensive production methods.

EU-based producers, while relatively protected from foreign competition under CBAM, are still subject to rising costs from the EU's internal carbon pricing and energy transition policies. As these costs pass downstream, farmers may respond by reducing fertiliser use or shifting towards alternatives, such as green fertilisers or nutrient recycling solutions.

Although agrochemicals aren't directly covered by CBAM, carbon-intensive inputs like ammonia and nitric acid may raise production costs, impacting prices and availability.

? For agricultural companies importing products like fertilisers or agrochemicals from countries with higher carbon intensities, what practical steps should they be taking now to prepare for CBAM implementation?

Agricultural companies should take several steps to prepare for CBAM implementation as for example:

- **Conduct a Carbon Audit:** Quantify emissions in supply chains using reliable data and implement emissions reporting systems aligned with EU templates.
- **Engage and Collaborate with Suppliers:** Request verified emissions data and explore partnerships with lower-emission producers or CBAM-compliant jurisdictions.
- **Reassess Procurement Strategies:** Compare CBAM certificate costs with alternatives like domestic sourcing, low-carbon producers, or green fertilisers using renewable energy.
- **Update Contracts:** Incorporate CBAM-related clauses to clarify liability, data reporting responsibilities, and cost-sharing for CBAM certificates.
- **Stay Informed and Adaptive:** Monitor regulatory developments closely, including policy changes, new product inclusions, and updates to emissions calculation methodologies and exemptions.

These proactive steps will help agricultural companies comply with CBAM and maintain strategic flexibility.

? The PROVE IT Act focuses on quantifying carbon intensity of industrial materials. How critical is this type of data standardization for agricultural input companies, and how does SCC help clients navigate these emerging requirements?

Standardized carbon intensity data, as envisioned in the U.S. PROVE IT Act, is vital for companies affected by CBAM. The Act aims to establish methods for measuring and comparing GHG emissions of industrial materials, including fertilisers, and to create a federal database. For agricultural importers, such harmonisation would ensure emissions data are consistent, verifiable, and usable across markets.

Without standardisation, companies risk relying on default emissions values, which are often conservative and inflate CBAM compliance costs. Agricultural inputs are sourced globally, and suppliers operate under diverse carbon reporting systems. The lack of common benchmarks complicates emissions tracking and may result in unfair cost burdens.

Harmonised standards would support regulatory compliance, make supplier comparisons more transparent, and improve ESG reporting. They would also reduce trade friction and potentially allow for recognition of foreign carbon pricing systems under CBAM. For agricultural input firms, such frameworks are essential to manage risks, identify efficient suppliers, and make informed procurement decisions in a carbon-constrained marketplace.





? The documents mention that 75% of Americans support CBAM once explained, but it's largely unknown. What's your advice for agricultural industry leaders in communicating these changes to their stakeholders?

CBAM awareness remains limited, even among agricultural stakeholders, though public support increases when its purpose is clearly communicated. Industry leaders should therefore present CBAM as a fairness mechanism that supports domestic competitiveness and drives sustainable innovation. It should be framed as part of a global transition toward carbon accountability, with the EU leading and other regions likely to follow.

Communication should be audience-specific. Farmers should be informed about potential input cost changes and available alternatives. Suppliers need support in emissions reporting, and investors will expect evidence of CBAM readiness in ESG (Environmental, Social, and Governance) strategies. It's essential to be transparent about challenges—such as rising costs or data burdens—while outlining clear plans to adapt through sourcing changes, technology investments, and low-emission product development.

Because concepts like “embedded emissions” may be unfamiliar, simple analogies and visual tools can clarify how CBAM works. Companies can also publish internal CBAM readiness roadmaps and contribute to public education efforts, such as webinars and outreach materials. Internally, procurement, sustainability, and compliance teams should be trained to ensure consistent messaging and informed responses. By shaping the narrative early, companies can strengthen trust and position themselves as proactive climate leaders.

? Looking ahead to 2030, when several CBAM proposals would be fully implemented, what do you predict will be the biggest changes in how agricultural businesses source and price their inputs?

By 2030, carbon intensity will become a standard criterion for sourcing agricultural inputs, alongside price and quality, with inputs potentially rated by carbon scores or labels. Major changes include:

- Verified emissions data will be demanded, and products from high-emission regions will become costlier due to CBAM certificates.
- Green or low-carbon fertilisers will gain market advantage, with the true cost factoring in carbon liabilities.
- Sourcing strategies will shift towards regional or CBAM-aligned suppliers, with long-term partnerships focused on emissions reduction.
- Synthetic inputs may be partially replaced by alternatives like organic amendments, recycled nutrients, enhanced-efficiency fertilisers, biostimulants, and biological pest control methods.
- Legal contracts will evolve to include clauses on emissions data, certificate costs, and shared reporting responsibilities.
- Market segmentation may distinguish between standard and certified low-emission inputs, with low-carbon performance suppliers enjoying access to premium markets and price stability.

Carbon will become a key cost driver and competitive differentiator. Agricultural businesses preparing by assessing emissions, diversifying inputs, and strengthening supplier collaboration will be best positioned to thrive in a carbon-accountable economy. 