

Agreement reached to ensure supplies of CO2 to businesses

- CO2 industry strikes agreement to ensure supplies to UK businesses, including those in the food processing sector
- move will ensure major supplier CF Fertilisers can remain operational while global gas prices remain high
- agreement possible thanks to government's arrangement agreed last month for exceptional, time-limited support for CF Fertilisers

The carbon dioxide (CO2) industry has come to an agreement to ensure UK businesses have access to a sustainable supply of CO2 – an essential component of the national economy.

CO2 suppliers have agreed to pay CF Fertilisers a price for the CO2 it produces that will enable it to continue operating while global gas prices remain high, drawing on support from industry and delivering value for money for the taxpayer.

This price for CO2 reflects the vital importance of this material to everything from our nuclear industry to hospitals to the food and beverage industry. CF Fertilisers produces around 60% of the UK's commercial CO2 requirements.

In September, the government agreed an exceptional 3 week arrangement with CF Fertilisers that allowed the company to continue operating while the industry moved towards this agreement. This decisive and essential action ensured that industry could continue to function without the need for longer term financial intervention from the government, helping to protect taxpayers' interests.

The government has supported by bringing the industry together to confirm today's agreement. The deal runs until January 2022 and means that key sectors, including food processing and nuclear power, are ensured supplies of CO2.

Business Secretary Kwasi Kwarteng said:

Today's agreement means that critical industries can have confidence in their supplies of CO2 over the coming months without further taxpayer support.

The government acted quickly to provide CF Fertilisers with the support it needed to kick-start production, and give us enough breathing space to agree a longer-term, more sustainable solution.

I would like to thank all the parties involved in this agreement who have recognised the importance of avoiding supply disruptions and delivering for UK businesses and consumers.

Environment Secretary George Eustice said:

C02 is vital for our food and drink sectors. The government has taken decisive action in these exceptional circumstances to allow a deal to be reached which will continue the supply of C02 to businesses – including thousands of food and drink businesses – up and down the country.

Last week, Business Secretary Kwasi Kwarteng temporarily exempted parts of the C02 industry from competition law to facilitate this agreement and provide further security of C02 supplies to UK businesses.

In addition, major commercial C02 producer Ensus reopened its Wilton plant last week following temporary closure for planned maintenance, further securing supplies. The Wilton plant can produce up to 40% of the UK's C02 requirements.