

Government secures agreement to ensure CO2 supplies

Press release

Business Secretary confirms deal which will maintain vital supplies of CO2 to UK businesses



- Short term arrangement agreed with CF Fertilisers to enable immediate restart of CO2 production
- Quick and decisive action taken by the Government to protect businesses and consumers
- Agreement lasts for three weeks and will ensure immediate supplies to the food sector remain in place

Business Secretary Kwasi Kwarteng has today (21 September 2021) announced an agreement with CF Fertilisers to ensure the continued supply of CO2 to UK businesses – an essential component of the national economy.

The exceptional short term arrangement with CF Fertilisers will allow the company to immediately restart operations and produce CO2 at its Billingham plant. The Government will provide limited financial support for CF Fertilisers' operating costs for three weeks whilst the CO2 market adapts to global gas prices.

CF Fertilisers produces around 60 per cent of UK's CO2, used primarily by the food sector.

The Government has held discussions with the main food producers, their trade bodies and the major supermarkets and they are committed to doing whatever it takes to move to a sustainable market-based solution by the end of the three-week period.

Business Secretary Kwasi Kwarteng said:

This agreement will ensure the many critical industries that rely on a stable supply of CO2 have the resources they require to avoid

disruption.

The quick and decisive action we have taken to resolve the issue shows the seriousness with which we have approached it.

In our ongoing response to manage the impact of global gas price rises, we will continue to protect businesses and consumers.

Environment Secretary George Eustice said:

We have acted decisively to ensure that CO₂ supplies, which are critical to some of our food sectors, continue to be available following some exceptional events.

However this is a short term intervention to provide the space and time for market adjustment.

The measures announced today follow extensive engagement with critical industries to understand the pressures they could face as the result of a restricted supply of CO₂, including from the Business Secretary and the Environment Secretary. The action taken today shows the seriousness with which the Government has approached this issue to protect businesses and consumers.

The UK benefits from having a diverse range of gas supply sources, with sufficient capacity to more than meet demand. The UK's gas system continues to operate reliably and we do not anticipate any increased risk of supply emergencies this winter.

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