

Climate Change – CO₂ Emissions Trading Points of Convergence within the Cement Industry

After over two years of experience with the CO₂ ETS in Europe, the first conclusions of the European Cement Industry are the following:

1. The European Cement Industry would like to restate that concrete is an effective construction material for CO₂ reduction and is a product required for the sustainable development of Europe.
2. The European Cement Industry recognises that climate change is a serious and global problem and is therefore committed to contribute to CO₂ reduction in a fair and effective way (i.e., reduction targets must be commensurate with the contribution of the industry to emissions).
3. Climate change is a global challenge which calls for a global response, partially addressed by the Kyoto Protocol, but the unilateral initiative of the EU to launch its ETS, is leading to major problems of competitiveness for the EU cement industry and will not succeed in reducing global CO₂ emissions. On the contrary, the ETS may be an incentive to import cement/clinker from countries with no carbon constraints with, as a result, relocation of production CO₂ emissions and additional CO₂ from shipping.
4. Therefore, as soon as possible, an alternative system must be developed and implemented on a broader base than that put in place today by the ETS. This system:
 - should either encompass the OECD and the major developing countries or protect countries in the lead of CO₂ reduction from competitive distortions;
 - should be supported by market instruments, not be based on absolute caps and should allow for realistic specific reduction objectives based on long-term benchmarking considerations;
 - should be based on a sectoral approach on the basis of negotiated agreements.

The European Cement Industry is prepared to cooperate on the development of such a system and is already working on its concept.

5. As long as this new system is not implemented and the political decision is taken to maintain the ETS for an in-between period, the European Cement Industry requests that measures be taken to ensure that imported products (cement and clinker) be subject to equivalent constraints as EU made products and that the different European countries take into account the following considerations in their national implementation:
- actions should be taken to tackle other sources of CO₂ emissions than those from Annex 1 installations but, in so doing, the capacity to afford CO₂ prices must be taken into account given the large differences in CO₂ cost per unit of turnover;
 - a sectoral approach should be taken in the national implementation so that burden sharing requests commensurate efforts for each sector;
 - the allowances to the cement industry should be free of charge and auctioning excluded;
 - early action / best performance in present Annex I Installations must be rewarded;
 - future production rationalisation must be encouraged, for example by the recognition of EU domestic projects;
 - account should be taken of the specificity of process emissions;
 - the use of waste derived fuels should be encouraged;
 - some kind of “Ex Post” adjustment for unforeseen market fluctuations should be organised to ensure that market requirements for product can be met in a sustainable manner;
 - Bureaucratic requirements should be reduced and kept to a minimum especially for JI/CDM projects the access to which should be made easier;
 - conversion of credits from JI/CDM into allowances should be 1 to 1 and with no cap;
 - measures should be taken to avoid any overcharging by power producers on the back of the ETS (windfall profits).

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