

Key positions of the European Ceramics Industry on ETS and allocation methods



ECCP WG
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Profile of the ceramics industry in the ETS context :

- More than 2000 **companies**
- ca. 200 000 direct **employees**
- **Turnover:** ca. 28 billion €
- **CO₂ Emissions in EU ETS:** ca. 20 Mt on a total of 2.1 billion tonnes (<1%) and ca. 1260 installations on a total of 11.000 (>10%)

- **Energy** represents from 25 to 30 % of total costs
- **Gas** constitutes more than 80% of the source of energy – the ceramics industry is essentially a direct CO₂ emitter
- The ceramics industry has **hugely increased its energy efficiency** over the last 30 years notably by substituting heavy fuel oil and solid fuels with clean fuel (natural gas)

Key concerns related to the review of the Emissions Trading Scheme :

- Medium to long term **impact of carbon prices on electricity and most importantly, gas prices!** (allocation method and carbon price ceiling)
- Impact on the **competitiveness of the European ceramics industry** (Ex-post adjustments and trade aspects)
- Potential **distortions of competition within the European ceramics industry** (A sectoral approach must be maintained concerning the scope of the ETS)

Conditions for benchmarking :

- **Best allocation method** for the ceramics industry provided it is designed in close cooperation with the industry
- Will need to **reflect best practices**
- Will need to **take into account the wide range of products** within the industry (roof tiles, facing bricks, clay blocks, refractory products, floor tiles ...)
- Will need to **take into account the specificities of the industry and national emissions level**
- **Voluntary and other commitments** shall be made possible for companies not covered as an alternative to ETS

Auctioning is not adapted to the ceramics industry :

- Auctioning is perceived as favouring carbon price volatility and is very likely to **deter new investments** in the ceramics sector
- Therefore, allocation through **auctioning shall be avoided** as much as possible
- Should auctioning occur, the revenues from it shall be **allocated to those industries that have no possibility to pass on** the costs increases

Conclusions

- The main concern for the ceramics industry is the **impact of the ETS on gas prices**
- To address this concern, we support :
 - **Carbon price ceiling**
 - **No auctioning**, or as limited as possible
 - Benchmarking methods **adapted to each sector** and the main products within these sectors
 - **Voluntary/other commitments** for plants/sectors not covered
 - **Ex-post adjustments**