

# **CO<sub>2</sub> REDUCTION: SECTORAL APPROACH IN CEMENT INDUSTRY**

## ***DEVELOPMENT OF A CONCEPTUAL SCHEME***

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# Pre-requisite

- Cement industry commitment to effective CO<sub>2</sub> reductions

# MAJOR CRITERIA

## The system should

- Be global
- Be based on a sectoral (cement) approach
- Supported if need be by market instruments
- Not prevent economic growth (not based on absolute cap)
- Allow for specific reduction objectives using the full technological potential
- Capitalise on the existing experience
- Be compatible with CDM schemes

# THE CHALLENGE

The scheme should be:

- Acceptable to the cement industry and credible to other stakeholders
- Built on experience gained from EU-ETS and other schemes
- Open, constructive and offer a sound basis for discussion
- Applicable to all parts of the world

**Cement industry oriented but:**

- Possible link with other industries through trading or otherwise
- Need to reconcile economic growth and emission control

# STEP 1 = DEFINITION OF A LONG-TERM GOAL

- A unique (worldwide ?) goal
- Projected in the future (10 years)
- Reflecting technical potential
- Compared to average performance today
- Open to a differentiated approach at national / regional level

**“A global vision, a global objective  
open to various approaches”**

# GOAL DEFINITION

Unique long-term objective, a simple, easy to understand reference product: **OPC**

## Advantages

- Simple, universal, common, transparent
- Provide an ultimate target
- Not based on:
  - Local regulations, quality standards, market preferences (use of clinker substitutes)
  - Changes in Waste generation in other industries (alternative fuels & materials)
  - Industry restructuring barriers
  - Economic barriers-which will be compared with CO<sub>2</sub> market prices
  - Public incentives favouring other competitive channels

# NATIONAL / REGIONAL NEGOTIATION

Reference transformed into a national regional targets objective through a simple methodology:

- 1) Collect actual industry record by country for a recent multi-year period in CO<sub>2</sub>/t cement (all types)
- 2) Calculate National (or regional) achievement ratios
- 3) For each country/region: analyse/qualify reasons for performance gap. Differentiate between structural (energy efficiency, technology) and opportunistic causes
- 4) Derive from analysis country/region path and targets towards LT goal (“roadmap”, becoming baseline)
- 5) Stakeholders’ validation process

# APPLICATION TO COUNTRIES (PART I)

- Concept allows adaptation to different constraint levels
- Common goal creates a common language
- If Post 2012 is still based on Kyoto principles
  - “Constrained group” of countries → credits and purchases
  - Rest of the world (non constrained countries) entering progressively either through national negotiations or through VA
    - Performance better than target generates credits
    - But performance worse than target has no consequences (no need to buy credits)



# APPLICATION TO COUNTRIES (PART II)

Governments to be convinced that:

- Model is applicable
- Model creates a level playing field
- Model delivers (visibility on CO<sub>2</sub> reduction)

Distortion of competition between EU-ETS countries and non-annex 1 countries

# LENGTH OF PERIODS TO GOAL

- Long enough to allow predictability
- Short enough to reflect technological development

Reasonable approach could be:

- 10 years, no change in rules
- In parallel, R&D promotion

# PRELIMINARY CONCLUSIONS

- The concept of baseline defined by a simple common goal of performance is already featured in many studies
- It can be integrated in the logic of national or regional schemes, even if other sectors do not enter into such a sectoral model
- It allows to build a worldwide vision (and possibility of adjustment) in the cement sector
- It allows a progressive evolution of non-constrained developing countries into a common scheme
- Of course the devil is in the detail!



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