

T21740/KC/CL/MHT

15 October 2012

To: European Commission
Directorate-General Climate Action
Units A.4 and B.1 – Implementation of ETS
Avenue de Beaulieu, 5
B-1049 Brussels – Belgium

Dear Madam,

Dear Sir,

CEMBUREAU response in the context of the Consultation on review of the auction time profile for the EU Emissions Trading System

I am writing to you on behalf of CEMBUREAU, the European Cement Association based in Brussels. The Full Members of CEMBUREAU are the national cement industry associations and cement companies of the European Union (with the exception of Cyprus, Malta and Slovakia) plus Norway, Switzerland and Turkey. Croatia and Serbia are Associate Members of CEMBUREAU. CEMBUREAU plays a significant role in the world-wide promotion of cement and the ready-mix and precast concrete industries.

CEMBUREAU appreciates the opportunity to comment on the Commission's draft for a future amendment of Commission Regulation (EU)1031/2010 and will be happy to engage in further dialogue with the Commission's services on this issue.

In essence, CEMBUREAU's observations focus on the need for the European institutions to ensure long-term predictability for business when launching legislative or policy initiatives. In the present case, legal certainty and predictability risks to be jeopardized as a result of a series of factors:

- **Speed:** the proposed change in the auctioning regulation is being pushed through against a deadline that does not allow for proper consultation of the other European institutions or stakeholders. Both the Member States and the European Parliament have requested for more time. It is therefore in the interest of a transparent legislative process to allow for a proper discussion and assessment of the proposal.
- **Comitology:** the comitology procedure lacks the required transparency to ensure that both the Member States and stakeholders feel properly involved in the decision-making process. CEMBUREAU thus calls upon the Commission to ensure transparency in relation to the agenda and topics discussed during the comitology meetings, to publish minutes and to allow time for the undertaking of impact assessments relating to the proposal,
- **No link with the longer term carbon market measures:** the Commission is due to publish a report covering longer term measures for the carbon market which will initiate a reflection on the EU ETS post-2020. However, it is not clear how the amendment of Commission Regulation (EU) 1031/2010 will interact with the long term measures that will be proposed. Here again, an impact assessment that spans all EU ETS related measures would be required.
- **Interference with a market mechanism:** the EU ETS was designed to be a market mechanism. Once such a system has been agreed upon, legal certainty and predictability is seriously compromised by regulatory interventions in the market mechanism.

In conclusion, CEMBUREAU is concerned about the pertinence of a legislative proposal taken in isolation from other EU ETS related initiatives and rushed through the decision-making process, without ensuring time for thorough reflection.

We thus call upon the Commission to engage in a reflection with all stakeholders involved on the functioning of the EU ETS for the third trading period and beyond. In addition, this should be undertaken from the perspective of an integrated approach which takes into account climate change, energy, industrial policy and resource efficiency considerations. Such an integrated approach will enhance the competitiveness of the European industry, which remains exposed to the risk of carbon leakage. A simple and consistent legal framework which provides stability over a longer period is the best instrument for all stakeholders to ensure their continued commitment to the European economy.

CEMBUREAU would be more than happy to engage in a reflection on the design of such a policy framework.

Best regards,

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Chief Executive

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