

ETS post 2012

Position paper of the Austrian Clay Brick and Roof Tile industry

1. Analysis of the current situation

- High administrative burden

The emissions trading scheme **has added significant administrative burden** in the majority of cases in brick and roof tile installations. **The system lacks of clear, complete and simple rules.** Furthermore, the divergent national transposition of these rules has created a distortion of competition among installations in the same sector.

The Council has reaffirmed the importance of reducing unnecessary burdens for business in many occasions. The conclusions of the Stockholm European Council, 23, 24 March 2001 clearly said: **“Business and citizens need a regulatory environment which is clear, simple, effective and workable in a rapidly changing global market place.”**

The current emissions trading scheme does not respond to the Commission commitment of **simplification** as one priority action for the EU, according to Communication of the Commission “Better Regulation for Growth and Jobs” COM(2005)9. The objective of better regulation is to simplify the existing EU rule book, **reduce administrative burdens** for the economy and improve the legislative environment for business.

Recently, the final report of the **BEST project** expert group, May 2006: “Streamlining and simplification of environment related regulatory requirements for companies” stated that “reducing burdens is an important economic driver, is a contribution to the Lisbon agenda and is stimulation for innovation”

The BEST project identifies as administrative simplification the “implementation of legislation (both EU and national laws) by introducing measures such as **one-stop-shops** (electronic and physical), simplification of permitting and licensing procedures, setting time limits for decision-making and applying IT-based solutions”. The clay industry strongly supports this initiative and calls for its rapid implementation.

- Small emitter – low effect

Ceramic installations comprise more than 10% of the total number of installations covered by ETS, **but emit less than 1% of the total CO₂ emissions** covered by the scheme. As a consequence, including the ceramic industry in the scheme cannot result in a significant decrease in CO₂ emissions. On the other hand the administrative burden for both the administration and industry is disproportional high – or in other words: it is inefficient to apply ETS in the ceramic sector. This fact has been demonstrated by the NAPs and the member states reports.

As the IMPEL report of 2004 “Identifying Good Regulatory Practice in the EU Emissions Trading Scheme” recommends: *“Consideration needs to be given to the most cost-effective way of addressing installations that emit relatively low levels of greenhouse gases, including whether they should be covered by an ETS or another, parallel instrument”.*

- **Clay industry energy policy**

The clay industry has made **high investments in energy efficiency technologies**, which have significantly reduced the use of energy in the clay manufacture process in the last two decades. Currently, the brick and roof tile industry is involved on several important research projects to change the use of natural gas by renewable energies such as **biomass**. Furthermore, and, as a good example of the industry commitment, the development in progress of new clay products will reduce even more the environmental impact and CO₂ emissions in the production and in the usage phase.

- **Sustainability of clay products:**

EU Climate Change Policy should take into account the sustainability and life cycle of products. Clay bricks and roof tiles have a very low environmental impact during their whole life cycle. Clay building products have the advantage of a very long lifetime (more than 100 years) and help to minimise heating and cooling costs. As a result of these benefits, buildings made from clay building products have a very positive CO₂ balance over their lifetime.

Conclusion: the administrative burden created by the emissions trading scheme should not damage industries which have very positive sustainable aspects. The relatively low emissions during the manufacture process and the commitment of the industry to progress on sustainability and energy efficiency do not justify the permanence of this sector in the emissions trading scheme.

2. **Proposal**

The Austrian Clay Brick and Roof Tile industry would of course prefer the option to completely exempt the sector from ETS after 2012. We understand on the other hand that it will be politically very difficult to get broad acceptance for this solution and that – in one way or the other – we will have to pay for CO₂ emissions.

The commission has clearly communicated that it is the intention to find **simpler and less bureaucratic solutions for small emitters**. The ECCP WG on ETS revision is discussing setting up criteria for defining small emitters to be outside the ETS obligations. A threshold of 25 000 tonnes of CO₂ p.a. is under consideration. This threshold would split the industry, would create unfair competition and distortion of the markets and is therefore not desirable. According to the ECCP WG meeting the Commission has not decided yet which criterion to use for defining small emitters (could also be capacity or capacity + emission).

One of the options under discussion is also to remove small emitters – and amongst them the ceramic installations – from ETS, but apply other means to limit the emission of CO₂, like e.g. a **CO₂ tax**. In the past, the clay brick and roof tile industry has always opposed to such a CO₂ tax, but we have to re-evaluate our position now.

The application of a CO₂ tax as an alternative to the ETS would have the following advantages:

- **Costs would be predictable and calculable** for industry (compared to the unforeseeable costs of emission rights in the ETS in the future)
- If implemented by regulation it would be a fair system with similar impact for everybody, it would **remove distortion of competition**, it would lead to **harmonization** across all member states
- It would **reduce administrative burden** (most probably it would be a surplus on the price per m³ gas or per ton of oil)

Conclusion: the Austrian clay brick and roof tile industry recommends reconsidering a CO₂ tax as a possible alternative to ETS after 2012 for the whole ceramic industry.