

CEMBUREAU REACTS TO EUROPEAN PARLIAMENT VOTE ON CARBON BORDER ADJUSTMENTS

Co-existence of Carbon Border Adjustment Mechanisms (CBAM) and free allocation is essential as system is rolled out, says European cement industry

Brussels, 05/02/2021 – CEMBUREAU, the European Cement Association, reacted today to the adoption of the European Parliament’s Environment Committee report on Carbon Border Adjustment Mechanisms (CBAM).

“A CBAM is a useful tool to address the imports of products not subject to similar carbon constraints in the European Union and therewith mitigates the carbon leakage risk allowing the European cement industry to deliver low-carbon investments. The Environment Committee’s report highlights some key points in this respect, notably that a CBAM should result in EU and non-EU suppliers competing on the same CO2 costs basis; that the scope of CBAM should be wide to avoid market distortions, and that both direct and indirect emissions should be included” commented Koen Copenholle, CEO of CEMBUREAU.

“However, a pragmatic approach is needed regarding the interaction of CBAM with the existing carbon leakage measures. A full co-existence of CBAM and free allocation is essential to minimize risks for the industry, avoid distortions on the internal market, safeguard the competitiveness of exports, and provide certainty for investors. Such full co-existence, which can be done without any risk of “double protection”, should last at least until the end of phase IV of the EU ETS in 2030, following which the CBAM will be hopefully mature and expanded to cover most sectors of the economy”.

The own-initiative report, which was adopted by the Environment Committee on 5th February, is to be considered in the European Parliament’s plenary session in March. On its side, the European Commission is expected to deliver legislative proposals on CBAM as part of its “Fit for 55% package” in June 2021.

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About CEMBUREAU

The European Cement Association based in Brussels is the representative organisation of the cement industry in Europe. Currently, its Full Members are the national cement industry associations and cement companies of the European Union (except for Malta and Slovakia) plus the UK, Norway, Switzerland and Turkey. Croatia and Serbia are Associate Members of CEMBUREAU. A cooperation agreement has been concluded with Vassiliko Cement in Cyprus and the Cement Association of Ukraine. More information is available at www.cembureau.eu.

CEMBUREAU has published its own [carbon neutrality roadmap](#), which looks at achieving net zero emissions along the cement and concrete value chain.

About CEMBUREAU's position on CBAM and the co-existence of CBAM and free allocation

As advocated by CEMBUREAU (please see our position papers on [CBAM](#) and [EU ETS Review](#)), the European cement industry strongly believes that CBAM should co-exist with free allocation during an initial phase lasting until the end of phase IV of the EU ETS in 2030.

Such co-existence can be done without any risk of “double protection”, by taking into account the existing carbon leakage measures when calculating the CBAM paid by importers. This would:

- Provide a clear legislative framework where CBAM addresses the carbon content of EU imports, whereas the risk of relocations of industries is addressed through free allocation under the EU ETS, and indirect cost compensation. EU suppliers will be continuously incentivised to reduce emissions, as per the existing rules on free allocation and benchmarks;
- Ensure a smooth implementation of CBAM: CBAM is untested, could be challenged at WTO and lead to trade tensions – keeping the existing carbon leakage measures protects the EU industry from these risks;
- Mitigate distortions on the EU internal market: ETS sectors compete with each other, e.g. cement competes with other materials on the market for construction products. Removing free allocation for only some ETS sectors, on the motive that they are covered by a CBAM, would create unacceptable distortions on the EU market;
- Safeguard the competitiveness of EU exports to third countries: a phase-out of free allocation would inevitably lead to increased production costs for the covered sectors, impacting exports;
- Limit the impact of CBAM on European value chains (taking free allocation into account when determining the CBAM levy will induce smaller cost impacts for European value chains) and ease trade tensions surrounding the implementation of a CBAM (as the scheme would start with a smaller levy).