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EDITORIAL

REACH & cement - the last touch?

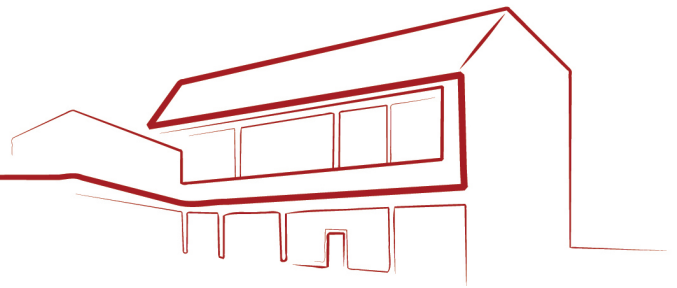
June 2009 - Long after the deadline for pre-registration has passed and, therefore, too late to ensure legal certainty, a first draft of the guidelines for the application of Annex V of REACH has eventually been produced by ECHA (European Chemicals Agency). It will now have to be approved by CARACAL (Competent Authorities for REACH and CLP) and will then be officially published by ECHA.

For the European cement industry, this is an important document and an encouraging sign that CEMBUREAU's perception of the issues at stake in Annex V was correct.

First of all, the guidance document explains which substances are covered by the entry "cement clinker" in Annex V.10, and thus exempt from registration. The text explicitly lists such as examples Portland cement clinker and aluminous cement clinker. The description of Portland cement clinker also covers white cement clinker. Although not explicitly mentioned, and as the examples given in the list are not exhaustive, it may be convincingly argued that sulfo aluminat cement clinker is also exempt from registration.

Second good news: petcoke is also exempt from registration. Petcoke is very widely used in large volumes as a fuel in the cement industry. The exemption is therefore welcomed.

A third and more difficult step has been made in respect of hydrated substances. If the manufacture/importer registered the anhydrous form, the downstream user in the same supply chain can change the hydration level of the substance, without additional registration. This logical solution has prevailed over an earlier internal draft version which would have required registration of hemihydrate calcium sulfate which is produced in the cement manufacturing process as a



result of gypsum dehydrating when mixed with hot clinker.

To the European cement industry it looks like REACH is not going to prove an insuperable task. It will, however, remain a complex one, and one which will lead to extra costs and resources as, for example, in the case of registration of cement clinker dust being placed on the market, or to comply with the information exchange requirements which will apply to all cement producers.

The direct burden of REACH will be far greater in other sectors and it is to be hoped that this will not lead to certain productions being discontinued at the risk and the expense of downstreamers such as the cement and concrete industries.

The revision of Annex V of REACH followed by the much needed guidance now in draft form will make REACH a more safe ground to the cement industry. But is it the last touch? The problem with REACH is that each problem seems to lead to a new anticipated difficulty. No doubt more surprises are in store.

HEALTH AND SAFETY

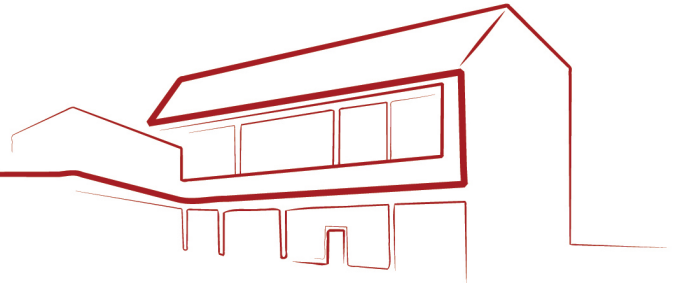
Commission decision on REACH restrictions annex VII to be published

A Commission Decision amending Regulation (EC) No 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) as regards Annex XVII, is expected to be published in July 2009. This Decision would review Annex XVII, which lays down restrictions on the manufacture, placing on the market and use of certain dangerous substances, preparations and articles. The provisions of the restriction on Cr (VI) for cement remain unchanged, though the wording has been adapted to the GHS. This means that the word Preparation has been changed to Mixture.

EU EMISSIONS TRADING SCHEME

EU emission trading scheme Directive, CCS Directive enter into force

The Directive amending Directive 2003/87/EC so as to improve and extend the EU greenhouse gas emission allowance trading system (EU ETS) and the Directive on the geological storage of carbon dioxide (CCS) have been published in the EU's Official Journal (OJ) this month along with the rest of the climate change package. The EU ETS Directive revises the emissions trading system as from 2013 (see April Eurobrief). The Directive entered into force on the 25 June. The geological storage of carbon dioxide Directive provides a legal framework for carbon capture and storage (CCS). The Directive states that Member States will determine the areas to be made available for storage, specify the condition for site use and include provisions governing



exploration. EU leaders have agreed to spend €1.05 billion on developing carbon capture and storage plants as part of a €5 billion stimulus package that will be taken from the EU budget in 2009 and 2010 and spent on energy and broadband technology projects. Germany, the Netherlands, Poland, Spain and the UK will each receive €180 million, while Italy will receive €100 million and France €50 million.

The two Directives can be found here:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0063:0087:EN:PDF>

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0114:0135:EN:PDF>

EU EMISSIONS TRADING SCHEME

Commission announces €300M for carbon allowance distribution

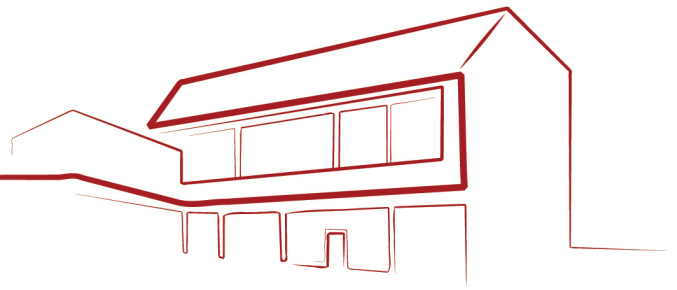
The Commission has announced that an expected proposal on the distribution of allowances to be auctioned under the EU Emission Trading System (EU ETS) will result in €300 million of carbon allowances being distributed. The selection and award criteria for these allowances will likely be finalised by the end of 2009, while the selection of projects will take place in 2011. Proposals for projects for carbon capture and storage (CCS) should be submitted to the Commission by the 15 of July.

A Stakeholder Consultation on the scheme was launched earlier this month, seeking views on the timing, size, frequency of auctions, auction design and regulatory aspects relating to issues such as pre-registration of participants, collateral, payment and delivery, information disclosure and monitoring. The consultation also addresses the question of the number of auction processes that could be used and the appropriate degree of coordination between Member States.

The expected proposal will establish measures on the timing, administration and other aspects of the EU ETS auctioning so that it is conducted in a transparent manner. It also aims to ensure that operators, and in particular small and medium size enterprises covered by the ETS, have full access to auctions. The Commission says that free allowances may be given to installations in sectors exposed to the risk of carbon leakage. The deadline for comments is 3 August.

The questionnaire can be found here:

https://quickplace.icfconsulting.com/QuickPlace/eu-ets-auctions-consultation/Main.nsf/h_Toc/4df38292d748069d0525670800167212/?OpenDocument



EU EMISSIONS TRADING SCHEME

CO2 trading to triple by 2016

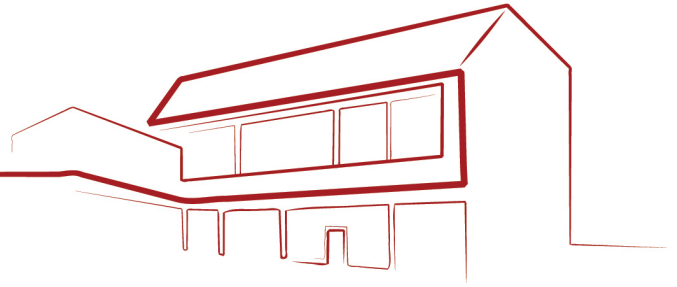
The price of carbon in the EU is likely to increase from around €15 per tonne to €40 by 2016, according to market analyst Point Carbon's latest carbon market brief. Such an increase is vital in order to meet the EU's current emission reduction targets of 20% below 1990 levels and any possible increased reduction targets that may be discussed at the UN's Copenhagen summit this December. By creating a surplus of allowances however, the current economic crisis could make it politically easier for the EU to commit to a 30% cut in Copenhagen.

ENVIRONMENT

Council reaches political agreement on IED/IPPC Directive

EU Environment Ministers narrowly reached a political agreement on the recast of the Directive on Integrated Pollution Prevention and Control, now renamed Industrial Emissions Directive (IED), earlier this month, during the last Environment Council of the Czech Presidency. Issues of relevance for the cement industry are contained in Annex VI, Part 4, entitled Technical provisions relating to waste incineration plants and waste co-incineration plants. The Council has agreed on the provisions that CEMBUREAU has been advocating for, i.e. the exemption from the NO_x limit value for Lepol and that the limit for CO may be set by the competent authorities. However, under pressure from the Netherlands, the recital opening the door to SO₂ and NO_x trading has been introduced. Recital 37 states that, in order to prevent, reduce and, as far as possible, eliminate pollution arising from industrial activities in the most cost-effective way while ensuring a high level of protection of the environment as a whole, in particular through the implementation of BAT, the possibilities for market-based instruments such as trading in NO_x and SO₂ emissions could be explored. CEMBUREAU, together with all other industries and many stakeholders, shall maintain its opposition against such trading scheme for reasons that have already been developed in the February, March and April *Eurobriefs*.

The political agreement reached by Environment Ministers rejects most of the amendments adopted by the European Parliament in its first reading. A number of Member States, including Germany and Denmark, expressed disappointment with the political agreement, arguing that the proposal has been significantly weakened. This opposition could make formalisation of the political agreement into a common position difficult.



ENVIRONMENT

Energy efficiency package progress report published

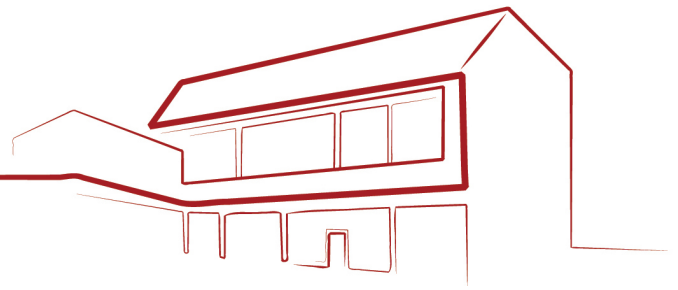
A progress report on the energy efficiency package has been published by the Council. The report covers proposals on energy labelling, tyre labelling and the energy efficiency of buildings. The draft framework Directive on energy labelling was generally well-received according to the report, with the extension of the scope from certain types of household appliances to energy-related products welcomed. Some delegations, however, expressed doubt on the inclusion of construction products. Certain delegations expressed reticence vis-à-vis the provisions that would - through implementing measures - lead to minimum performance levels applicable to public procurement and to incentive systems. Furthermore, some delegations expressed the view that the proposed labels should remain a simple and effective means of informing consumers and should serve continually to stimulate the purchase of the most energy-efficient products as well as to develop more energy efficient ones.

Although the draft Directive on the energy performance of buildings (recast) was also welcomed, according to the report, differences in existing national policies to promote energy efficiency in buildings were highlighted as were different opinions on the functioning in practice of the Directive currently in force. Several amendments proposed by the European Parliament are also seen as being unrealistic. Many delegations have called for a greater emphasis on improving the efficiency in new buildings, rather than existing ones. One current point of discussion is the possibility of reducing a current 1,000 m² threshold above which existing buildings undergoing major refurbishment must meet minimum national efficiency standards to 250 m². The Commission proposes to scrap it altogether.

The purpose of the report, says the Council, is to facilitate further work on these issues. The Swedish delegation has announced that the package will be prioritised during its Presidency. The Energy Council took note of this report when it met earlier this month, and Council will continue to discuss the measure and adopt its common position in the months to come.

The progress report can be found here:

<http://register.consilium.europa.eu/pdf/en/09/st08/st08989.en09.pdf>



ENVIRONMENT

Council conclusions on climate change white paper

Council Conclusions on the Commission's White Paper: Towards a European Climate Change Adaptation Programme have been published. These conclusions were adopted without further discussions on 25 June. The White Paper outlines actions needed to strengthen the EU's position on climate change ahead of the UN Climate Change Conference in Copenhagen (see April Eurobrief). The conclusions emphasise the need for all Member States and sectors to adapt to climate change. Although an EU adaptation strategy is to be released as from 2013, an EU Framework for Adaptation should nonetheless be developed in the meantime to focus on knowledge management and data sharing. The Council also wants to step up international cooperation on adaptation.

A link to the European Commission's Green Week conference can be found here:

<http://greenweek2009.alligence.com/>

ENVIRONMENT

Sweden reaches out to MEPs on draft efficiency laws

The Swedish Presidency of the European Council, which begins on 1 July, has promised to begin negotiations with the European Parliament on a package of draft energy efficiency laws covering buildings, energy labelling and tyre labelling. Talks are due to begin in September. Sweden is intent on achieving a first-reading agreement on these laws by the end of 2009. Parliament has already adopted first-reading positions on all three draft laws, though a number of delegations have expressed opposition to some of the amendments tabled by MEPs, especially on plans to revise the EU energy performance of buildings directive.

The Swedish Presidency has stated that fighting global climate change will be its top priority over the next six months. A number of high-level meetings have been scheduled in the run-up to the G8 summit and meeting of major emitters in early July. The Swedish Presidency will also be working to finalise the EU's Copenhagen mandate by late October. The creation of a scientific panel on biodiversity similar to the Intergovernmental Panel on Climate Change (IPCC) is also expected to be pushed through.