The European Cement Association
CEMBUREAU

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EDITORIAL

IED adopted: stricter constraints will make NOx and SO2 trading unnecessary

It was a close shave but, in the last days of the Spanish EU Presidency, the compromise proposal on the IED, which had been hammered out with considerable difficulty in the Council, was approved by the European Parliament by 639 votes. This vote ends a very tense second reading marked also by dissent between Member States. The final text is to be approved at any time by the Council without any further discussion and the new legislation should be published in the OJ before the end of the year.

CEMBUREAU welcomes this outcome. The new legislation tightens the screw: it will from now on be more difficult for permitting authorities to justify departures from the BAT on local or technical grounds. But this is only common sense: permits will have to state the reasons for such derogations. The European Commission may in the future provide guidance regarding the criteria for derogation.

CEMBUREAU
Rue d'Arlon 55
BE-1040 Brussels
Tel: +32 2 234 10 11
Fax: +32 2 230 47 20

Other key features are to be highlighted:

» EU-Wide minimum requirements will be based on an assessment of the impact of the activities concerned on the environment as a whole, and the state of implementation of best available techniques for the activities concerned;

» The Information Exchange Forum (IEF) must be consulted as part of the assessment;

» Limit values must be set within the scope of the â€˜BAT conclusions'.

The cement industry was mostly pre-occupied with the revision of the Incineration of Waste Directive (2000/76/EC) which will, from now on, be included in the IED like some other daughter Directives are, i.e., the Large Combustion Plants Directive, the Solvents Emissions Directive and 3 Directives on Titanium Dioxide.

All is well on this front as the provisions of the Incineration of Waste Directive key to recovery of selected waste streams in cement plants are maintained in the new Directive, i.e.:

» the special provision for CO;

» until 1 January 2016, the competent authority may authorise exemptions from the limit value of NOx for Lepol kilns and long rotary kilns provided that the permit sets a total emission limit value for NOx of not more than 800 mg/NmÂ³.

The new, tougher legislation should speed up progress towards the clean air objectives of the EU. Already under the initial IPPC Directive, a good part of the way has been made. Just as the IED was being adopted, EEA (the European Environment Agency) reported a further fall of NOx emissions in the EU. Since 1990, European NOx emissions from industry have decreased by 40%. Since 1990, industry emissions of SO2 have decreased by about 75%1.

As a result of the implementation of the newly revised EU policies, emissions are expected to further decline until 2020. This is no doubt a reliable assessment. Then why on earth is the European Commission still so keen to introduce a trading scheme for NOx and SO2 emissions, two pollutants well regulated under the IPPC and the Industrial Emissions Directives? As already indicated in Eurobrief, such scheme would make little sense and quoting as an example the cement industry as the sector that would benefit from such a scheme is farfetched.

The Commission, however, is adamant. It seems to be intellectually and ideologically attracted to a copy-paste of the EU-ETS in respect of the other two pollutants notwithstanding the fact that NOx and SO2 are local, as opposed to global, pollutants and that these pollutants, unlike CO2 before the Emission Trading Directive, are already well addressed under the IPPC-IED and the

NEC Directive (2001/81/EC).

In order to justify its ideological choice, Commission is relying heavily on the ENTEC study which has just been published in June 2010 and will form a key part of the Impact Assessment. CEMBUREAU has drawn the attention to serious deficiencies in the ENTEC study. This was recognised but, in its final version, the superficial conclusion reached by ENTEC is that those errors do not affect the overall conclusion. The cement industry is still held out as a sector where NOx and SO2 trading would be beneficial. The ECOFYS study, on the same topic, is far more cautious. It concludes that there could be a potential for NOx trading in the cement industry if allowances are allocated for free but adds that this conclusion is only a purely theoretical conclusion. In the real world, whether a benefit can be realistically expected is at least questionable, says ECOFYS.

SO2 trading would clearly present a serious risk for the cement industry concludes ECOFYS. CEMBUREAU, for its part, will continue to recommend caution.

The position of the European Parliament adopted at second reading is available here:

http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0267+0+DOC+XML+V0//EN&language=EN#BKMD-4

1 European Environment Agency 2010

EDITORIAL

CEMBUREAU quarterly economic report: Continuous fall in EU cement activity despite overall EU economic recovery

Cement activity during first two quarters of the year continued to fall despite signs of recovery within the EU27 economy.

According to data issued by EUROSTAT, industrial output in the EU27 rose by 2.7% between first and second quarter of 2010 and 6.6% compared to 2009 half-year results. During the first six months, output grew in all EU countries except Romania (-0.2%), while in at least 8 countries it registered more than 5% increase. The slightly positive trend was also reflected in the construction sector's output. According to EUROSTAT, in Q2 2010 it decreased by -0.26% compared to the same period in 2009 and it rose by 4.2% compared to the previous quarter. However, these results show only a first sign of recovery after a two-year long drop of more than 15%.

These overall positive tendencies are, however, not reflected in the activity of the European cement industry. According to interim financial reports, the 5 biggest cement companies (Cemex, Lafarge, Heidelberg, Holcim and Italcementi), together accounting for some 55% of the European cement capacity in 2008, registered a slump in production in the second quarter of 2010. Lafarge reported a 5% fall in cement sales in Western Europe at constant scope and exchange rates while Italcementi faced a 6.1% drop in overall revenues. Holcim's European sales volumes decreased 7.7% in Q2 and Heidelberg's cement and clinker output in WE-Northern Europe fell by 8.9% year on year.

Despite the positive overall economic performance in Europe, cement activity appears to be in line with construction sector prospects for 2010, according to EUROCONSTRUCT1. In its 2010 outlook for the European construction market, EUROCONSTRUCT projected a downward trend in volumes for the European housing market (-3%), non-residential building (-4%, approx.) and civil engineering (-1.7%). Accordingly, the overall construction output is expected to shrink by an additional 4% in 2010, after an 8.8% decline already suffered in 2009.

(*To see full size, click on the graph)*

1 19 EU Members states are members of EUROCONSTRUCT, including Germany, France, Ireland, Italy, Portugal, Spain and UK. For the complete list visit: www.euroconstruct.eu

EU EMISSIONS TRADING SCHEME

CO2 emissions fall in the cement industry

The global cement sector has continued to reduce the amount of CO2 it emits per tonne of cement, according to new data published by the World Business Council for Sustainable Development's Cement Sustainability Initiative (CSI). Improvements in the sector have been attributed to modern blending methods, alternative fuels and improved new kilns.

As well as showing a reduction in CO2 per tonne of cement produced, the data also reveals a reduction in absolute CO2 emissions from companies reporting to the CSI database. These dropped for the first time since data has been gathered, from 596Mt in 2007 to 577Mt in 2008. This reduction reflects the impact of the economic downturn and global slowdown in construction activity.

The information gathered by the CSI covers cement production in 2008, as there is a one year embargo on data release to comply with anti-trust regulations. CSI's voluntary database now covers a third of global cement production.

The World Business Council for Sustainable Development's Cement Sustainability Initiative (CSI) can be found here:

http://www.wbcsdcement.org/

Data on the global cement sector can be found here:

http://www.wbcsdcement.org/index.php?option=com_content&task=view&id=57&Itemid=118

EU EMISSIONS TRADING SCHEME

Overall provisional cap for 2013 emissions under ETS established

Greenhouse gas emissions from industrial installations included in the EU's Emission Trading Scheme (ETS) will be provisionally capped at just under 1.927Bt in 2013, the first year of the 2013-2020 trading period. This figure excludes new sectors, such as aluminium, and new gases, such as nitrous oxide, which will be added to the EU ETS in 2013. A revised cap based on emissions data on new entrants will be published in September, and a final cap may not be available before 2013.

The Commission Decision is available here:

http://ec.europa.eu/environment/climat/emission/pdf/dec_4658.pdf

EU EMISSIONS TRADING SCHEME

Member States approve ETS auctioning rules

Member States have unanimously approved European Commission proposals for rules governing the auctioning of carbon allowances from 2013 under the EU's Emission Trading Scheme (ETS). The draft Regulation covers auctions of allowances valid for the third and later trading periods, including any early auctions of such allowances before 2013.

The agreement establishes a central EU auctioning platform but, under pressure from several Member States, allows countries to operate their own should they choose to. Germany, Poland, Spain and the UK, have pushed continuously for their right to set up national auctioning platforms. The Commission believes that a single platform would have been the most stable and cost-efficient method.

Member States that decide to opt out of the central platform will, however, be subject to tough controls and will be monitored by the EU. The Commission will be given the power to propose suspending these platforms if they breach ETS auctioning rules. Nevertheless, national platforms will be able set their own auction dates and volumes. Auctioning will progressively replace free allocation as the main method for allocating ETS allowances from 2013.

From the start of the third trading period in 2013, auctioning will progressively replace free allocation as the main method for allocating allowances to all EU ETS sectors except aviation. In 2013 at least half of the total volume of allowances is expected to be auctioned. For aviation, 15% of allowances will be auctioned in 2012 and this proportion will stay the same in subsequent years.

The European Parliament will have three months to scrutinise the draft rules. If no objection is raised before the 14th of October 2010, the proposal will be adopted by the Commission. The Commission will then begin preparations for the procurement of the common auctioning platform, jointly with the participating Member States.

The draft auctioning regulation can be found here:

http://ec.europa.eu/environment/climat/emission/pdf/draft_auct_reg_14072010.pdf

EU EMISSIONS TRADING SCHEME

French, German and UK environment ministers personally support 30% CO2 cut

In a personal letter addressed to the Financial Times (15 July 2010), French, German and UK environment ministers have urged the EU to agree to cut carbon dioxide emissions by 30% by 2020. In the joint open letter, the three ministers argue that unless the economic recovery sets countries on a path to a sustainable low-carbon future, the future will continue to be uncertain, with significant costs from energy price volatility and a destabilising climate.

A key barrier, they claim, is the EU's current emissions target, a 20% reduction from 1990 levels by 2020, which is insufficient to drive the low-carbon transition. "If we stick to a 20% cut, Europe is likely to lose the race to compete in the low-carbon world to countries such as China, Japan or the US - all of whom are looking to create a more attractive investment environment by introducing low carbon policy frameworks and channelling their stimulus packages into low-carbon investment," say the ministers.

They argue that a 30% target is needed to reinforce economic recovery, improve energy security and help to tackle climate change through the development of decarbonised energy sectors. By moving to a higher target, the EU would not only have a direct impact on the carbon price through to 2020 but also send a strong signal of its commitment to a low carbon policy framework in the longer term. "We must not forget that it will be overwhelmingly the private sector that will deliver the investment which will build our low-carbon future and moving to 30% will provide greater certainty and predictability for investors," says the letter.

The ministers add that they recognise that some energy-intensive sectors will be exposed to greater costs than the average. The real threat they face, though, is not carbon prices, but collapsing demand in the European construction and infrastructure markets. "The one sure way to increase demand for the materials that these sectors produce is to put in place the incentives to boost investment in large-scale low-carbon infrastructure - voracious users of steel, cement, aluminium and chemicals," they claim.

This is a personal opinion of the Environmental Ministers which, it must be stressed, is not government policy in those Member States concerned.

CEMBUREAU is strongly opposed to a 30% cut as the conditions for a unilateral move by the EU from a minus 20% to a minus 30% reduction target are not yet met.

A UK press release of the letter can be found here:

http://www.decc.gov.uk/en/content/cms/news/EU_CC_article/EU_CC_article.aspx

EU EMISSIONS TRADING SCHEME

Kyoto failures could cause emissions increase claims study

Emissions from industrialised countries could be 9% above 1990 levels by 2020 because of loopholes stemming from the Kyoto protocol, claims a study by the Stockholm Environment Institute and Third World Network. The study, which was presented at climate talks in Bonn in July, claims that the largest loophole is a surplus of Kyoto credits (AAUs) from the current commitment period. Another is a controversial accounting loophole for land use, land-use change and forestry (LULUCF) emissions. The third loophole is the fact that emissions from international aviation and shipping are excluded from Kyoto, and therefore from developed countries' emissions accounting, while the fourth and final loophole is the clean development mechanisms (CDMs) operating in these countries.

The Stockholm Environment Institute can be found here:

http://sei-international.org/

EU EMISSIONS TRADING SCHEME

IEA: global CO2 emissions remain constant in 2009

Global CO2 emissions did not fall last year as predicted by the International Energy Agency (IEA). The agency predicted that global CO2 emissions could fall in 2009 by as much as 3%, but a Dutch report, which examined emissions from energy use and cement and chemicals production, reported that emissions remained flat.

Total CO2 emissions in the EU-15 fell by 7% to 3.1 billion tonnes, and by 7% to 5.3 billion tonnes in the US. Emissions in Japan and Russia fell by 11% to 1.2 billion tonnes and 9% to 1.6 billion tonnes respectively. Global emissions have increased by 25% since 2000, and almost 40% since 1990.

The report from the Netherlands Environmental Assessment Agency, PBL, can be found here:

http://www.rivm.nl/bibliotheek/rapporten/500212001.pdf

ENVIRONMENT

Commission mulls revising Environmental Impact Assessment Directive

The European Commission has launched a consultation on possible improvements to the Environmental Impact Assessment (EIA) Directive. Some of the options being considered are replacing the Directive with a Regulation, or merging a number of Directives into a single law to cover all existing rules on environmental assessments. The Commission also wants to look at ending practices involving the division of a large project with a potentially significant environmental impact into several smaller projects to avoid an impact assessment. The Commission is also keen that the Directive is updated to reflect new policy developments in areas such as climate change and recent EU court rulings.

The consultation runs until 24 September. Contributions will be taken into account and will be used to publish a summary paper on the Commission's environment public consultation website.

The public consultation can be found here:

http://ec.europa.eu/environment/consultations/eia.htm

ENVIRONMENT

SO2 emissions decline in EU

EU emissions of sulphur oxides (SO2) fell by 20% in 2008, according to an annual emission inventory report published in July. The findings confirm a trend observed last year. The European Environment Agency (EEA) has attributed the decline to lower emissions from public power plants, especially in Spain, Bulgaria and Poland. Road transport and energy production remain the highest emitting sectors.

This really confirms CEMBUREAU in its position that existing policies do suffice to reduce effectively SO2 emissions without the need to put in place a trading system.

A European Environment Agency press release can be found here:

http://www.eea.europa.eu/highlights/emissions-of-sulphur-oxides-and

ENVIRONMENT

BUSINESSEUROPE event: is NOx and SO2 trading smart policy?

In order to pursue the decrease in industrial emissions witnessed in Europe since the 1990s, European companies need favourable, stable, consistent and predictable policy conditions. A comprehensive air quality legislative arsenal is already in place in Europe. However, the European Commission is investigating the feasibility of a European Emissions Trading Scheme for industrial NOx and SO2 emissions.

BUSINESSEUROPE is holding a high-level seminar to debate the economic and environmental pertinence of a NOx and SO2 emissions trading scheme and possible policy alternatives.

30 September 2010, 13h30-17h00, BUSINESSEUROPE headquarters, Brussels (room Europe).

More information and registration:

http://www.businesseurope.eu/Content/Default.asp?PageID=704

ENVIRONMENT

Commissioner suggests new energy efficiency legislation could be possible

Energy Commissioner GÃ¼nther Oettinger hinted in July that new laws on energy efficiency could be introduced if current progress in meeting long term carbon emission reduction targets is too slow. Speaking at the launch of a European Renewable Energy Council report, produced jointly by Greenpeace, Mr Oettinger said that a review process would begin in 2012.

The European Renewable Energy Council report can be found here:

http://www.erec.org/fileadmin/erec_docs/Documents/Publications/EU%20Energy%20%5BR%5Devolution%20Scenario%202050.pdf

ENVIRONMENT

European Parliament adopts bio-waste management resolution

The European Parliament has adopted a resolution on the bio-waste management green paper. It calls on the Commission to propose national bio-waste recycling targets to limit the amount of bio-waste available for the least desirable waste management solutions such as landfilling and incineration. The resolution also states that in order for bio-waste incineration to become a viable alternative in the waste hierarchy, a crucial prerequisite is that it be coupled with energy recovery. The Parliament also urges the Commission to include in all current or additional impact studies on the matter the question of what type of economic incentives, funds or aids could be mobilised or created for the development and implantation of technologies permitting the proper management of bio-waste.

CEMBUREAU regrets that co-processing is not mentioned as a possible option down the value chain. As such, CEMBUREAU would like to take the opportunity to re-state the potential contribution of the cement industry to biomass management.

The resolution can be found here:

http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0264+0+DOC+XML+V0//EN

CEMBUREAU
Rue d'Arlon 55
BE-1040 Brussels
Tel: +32 2 234 10 11
Fax: +32 2 230 47 20

ENVIRONMENT

Non-energy mineral extraction and Natura 2000 guidance published

In July, the European Commission published its guidance on undertaking new non-energy extractive activities in accordance with Natura 2000 requirements. The purpose of this document is to provide guidance on how best to ensure that non-energy extractive industry (NEEI) developments are compatible with the provisions of the EU Habitats and Birds Directives. It focuses in particular on the procedures to follow and provides clarifications on certain key aspects of this approval process in the context of NEEI developments in particular.

It has been written in close collaboration with representatives of different industry sectors, experts, public authorities and NGOs via a dedicated EC Working Group. It is designed principally for use by competent authorities and developers, as well as consultants, site managers and other practitioners who are involved in the planning, design, implementation or approval of mineral plans or NEEI projects.

The guidance document is available here:

http://ec.europa.eu/environment/nature/natura2000/management/docs/neei_n2000_guidance.pdf

ENVIRONMENT

Business urged to face up to biodiversity impact

An EU-funded report has warned companies that they must stop ignoring the problems created by their exploitation of ecosystems. The Economics of Ecosystems and Biodiversity report (TEEB), which focuses on implications for businesses, reiterates key findings in a study published last year on the economics of ecosystems and biodiversity. It also argues that new markets for biodiversity and ecosystem services, including certified products and offsets, may be worth €280bn by 2020.

The report recommends that companies develop biodiversity accounting systems, set targets and report on results. An EU roadmap on resource use, including biodiversity, is scheduled for 2011.

The TEEB report is available here:

http://www.teebweb.org/LinkClick.aspx?fileticket=ubcryE0OUbw%3d&tabid=1021&language=en-US

ENVIRONMENT

Parliament backs new 2020 biodiversity target

The European Parliament's Environment Committee has backed the Commission's proposed goal of halting biodiversity loss by the end of the decade. The Committee's draft resolution also calls for the further integration of biodiversity into other EU policy areas such as agriculture and forestry, and stresses the need to integrate external costs such as damage caused to biodiversity into the price of a product. MEPs rejected a call by four committee members for a review of the European Commission's decision not to propose legally binding sustainability criteria for biomass and reaffirmed their commitment to improve existing biodiversity legislation. The Council endorsed the target of halting biodiversity loss by 2020 earlier in March.

The Environment Committee draft report on the implementation of EU legislation aiming at the conservation of biodiversity can be found here:

http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-441.267+01+DOC+PDF+V0//EN&language=EN

A European Parliament press release can be found here:

http://www.europarl.europa.eu/news/expert/infopress_page/064-78666-193-07-29-911-20100712IPR78665-12-07-2010-2010-false/default_en.htm

ENVIRONMENT

Final global climate talks take place in Bonn

The second-last round of global climate talks before the CancÃºn summit in December have taken place in Bonn. The major topic for discussion was a revised version of the negotiating text for a global climate treaty, the scale of emission reductions from industrialised countries and a possible legal vacuum between Kyoto's first and a second commitment period after 2012.

There will be one last United Nations Framework Convention on Climate Change (UNFCCC) meeting in Tianjin, China in October before CancÃºn.

CEMBUREAU
Rue d'Arlon 55
BE-1040 Brussels
Tel: +32 2 234 10 11
Fax: +32 2 230 47 20

A provisional agenda of the UNFCCC Tianjin meeting can be found here:

http://unfccc.int/files/kyoto_protocol/application/pdf/awg-kp14_provisional_agenda.pdf

BUILDINGS & BUILDING MATERIALS

Energy performance of buildings Directive enters into force

The Directive amending and repealing Directive 2002/91/EC on the energy performance of buildings, which was published in the EU's Official Journal (OJ) on 18 June 2010, entered into force on 8 July 2010.

The Directive will repeal Directive 2002/91/EC from 1 February 2012. Articles 2, 3, 9, 11, 12, 13, 17, 18, 20 and 27 will apply from 9 January 2013. Application of Article 12(1) and (2) on the issuance of energy performance certificates to rented single buildings may be deferred until 31 December 2015. Articles 4 - 8, 14, 15 and 16 must apply to buildings used by public authorities by 9 January 2013 and will apply to other buildings from 9 July 2013.

The publication of the Directive follows the adoption of the European Parliament's second reading on the proposal for a Directive on energy performance of buildings on 18 May 2010.

Member States have until 9 July 2012 to transpose Articles 2 - 18, 20 and 27 of the Directive into national law.

The Directive can be found here:

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:153:0013:0035:EN:PDF

OTHER NEWS

CLM BREF formally adopted

The translations of the â€˜Executive Summary' of the adopted Cement and Lime BREF have been published. They are available on the CIRCA web page.

The translations can be found here:

The European Cement Association

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http://circa.europa.eu/Public/irc/env/ippc_brefs/library

CEMBUREAU
Rue d'Arlon 55
BE-1040 Brussels
Tel: +32 2 234 10 11
Fax: +32 2 230 47 20