The European Cement Association

CEMBUREAU

Eurobrief November 2011

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EDITORIAL

ETS: NIMs Delay Increases Uncertainty

Member States had to submit their NIMs for EU-ETS 3 by 30 September 2011. To this day, however, only 7 Member States (Cyprus, Estonia, Lithuania, Latvia, Malta, Poland and Romania) have notified their respective NIMs. It is quite significant that some of the largest Member States, with many installations subject to the EU-ETS, are not likely to notify their NIMs until the new year, most probably at some point in time during the 1st quarter.

The delay was not totally unexpected, guidance* was only provided by bits and pieces in April and June 2011 and completed only on 15 September 2011. Even though most of the content had been known before the Task is daunting. Calculating the amount of allowances to be allocated for

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free on the basis of diverse benchmarks to numerous installations in different industries is in itself a task that is time and resource consuming. The diversity which characterises the political and legal process to be followed in Member States is another source of difficulties.

The current delay leaves industries in the dark as to what volumes of EUAs will be available for free from 1 January 2013. Nor is it possible to know whether a correction factor will apply. Such information is, however, essential to plan production and to decide whether to invest in the EU or elsewhere.

In previous editorials we have repeatedly drawn attention to the risk generated by regulatory uncertainty. At the risk of repeating ourselves, we feel obliged to return once more to this theme: is it not extraordinary to place industrial operators, often in capital intensive industries, in such a predicament that they cannot find out what will be the framework conditions under which they will have to operate one year from now?

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Guidance Document nÂ°1 on General Guidance to the allocation methodology

Guidance Document nÂ°2 on Allocation methodologies

Guidance Document nÂ°3 on Data collection guidance

Guidance Document nÂ°4 on Verification of NIMs Baseline Data Reports and Methodology Reports

Guidance Document nÂ°5 on Carbon leakage

Guidance Document nÂ°6 on Cross-Boundary Heat Flows

Guidance Document nÂ°7 on Guidance on New Entrants and Closures

Guidance Document nÂ°8 on Waste gases and process emissions sub-installation

Guidance Document nÂ°9 on Sector-specific guidance

Source

On 23 November 2011, the European Parliamentâ€™s Committee on Industry, Research

and Energy (ITRE) adopted MEP Mario Pirilloâ€™s (Group of the Progressive Alliance of Socialists and Democrat, Italy) opinion on a â€œRoadmap for moving to a competitive low carbon economy in 2050â€•. In addition, Parliamentâ€™s Committee on Environment, Public Health and Food Safety (ENVI) has until 6 December 2011 to table amendments to Chris Daviesâ€™ (Group of the Alliance of Liberals and Democrats for Europe, UK) draft report of Mario Pirilloâ€™s draft opinion.

In his report, Chris Davies:

proposes to endorse the European Commissionâ€™s Roadmap to a competitive low carbon economy in 2050, together with its trajectory, the specific milestones for domestic emission reductions of 40%, 60% and 80% for 2030, 2040 and 2050 respectively, and the ranges for sector specific milestones, as the basis for proposing legislative and other initiatives on economic and climate policy;calls on the Commission to adopt measures to correct the failings of the Emissions Trading Scheme (ETS) and to allow it to function, in particular by taking the following steps before the end of 2012:recalibrating the ETS before the beginning of the third phase by setting aside allowances so as to restore scarcity, thus allowing the original objective of providing incentives for investments in low carbon technologies and energy efficiency measures to be met, and thereafter proposing a legislative act to enable such allowances to be eliminated;proposing legislation before the end of 2013 to modify from the earliest appropriate date the 1.74% annual linear reduction requirement to a value sufficient to meet the requirements of the 2050 CO2 reduction target;proposing legislation to establish from the earliest possible date a reserve price for the auction of allowances;in relation to carbon leakage, he calls on the Commission to produce an analysis of sectors for which free allocation of allowances fails to prevent carbon leakage, and recommends that the Commission bring forward proposals for border adjustment measures requiring importers of products in these sectors to purchase allowances equivalent to those which would have been required if the product had been manufactured in the EU.CEMBUREAU would support the development of EU roadmaps to 2050, under certain conditions. The proposed Roadmaps should be based on sector by sector analysis of potential reduction levels. These principles should guide the setting of EU emission reduction ambition levels for 2030. The Association stresses that for the EU Emission Trading Scheme to play its role, EU institutions should refrain from undue intervention in the market mechanisms, for example through â€œsetting asideâ€• allowances as proposed by the â€œLow carbon roadmap 2050â€•.

More information:Mario Pirillo draft opinionChris Davies draft reportOctober Eurobrief

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ENERGY

ENVI vote on energy efficiency postponed

The vote in the European Parliament's Committee on Environment, Public Health and Food Safety (ENVI) on Peter Liese's (Group of the European People's Party [Christian Democrats], Germany) draft opinion on the proposal for a Directive on energy efficiency (EED) has been postponed until 20 December 2011. As highlighted in the October edition of the *Eurobrief, the cement industry is affected by the proposal in two major respects:*

» *the energy efficiency of buildings*

» *energy efficiency in energy intensive industries*

CEMBUREAU is concerned that the EED seems to mix energy efficiency and absolute energy savings. In the proposal, the focus is on energy savings, rather than real efficiency. CEMBUREAU proposes to streamline the proposal in the sense that energy efficiency is supported, and - where conflicting - absolute energy savings are not set at any cost.

More information: Eurobrief October Editorial

ENVIRONMENT

Cement Partnership on Mercury officially launched

The United Nations Environment Program (UNEP) is preparing a global legally binding instrument on mercury via:

» The Intergovernmental Negotiating Committee (INC), whose mission is to deliver a legally binding mercury instrument and

» The UNEP Global Mercury Programme, which deals mainly with partnership activities in various industry sectors, giving input into the decision making process of the INC track. Cement manufacturing is one of the industry sectors targeted under the INC. As the cement sector was not included in any of the 7 partnership areas originally identified by UNEP, the Cement Sustainability Initiative (CSI) applied to join the UNEP Global Mercury Programme and suggested the creation of an 8th partnership area, dealing with cement manufacturing activities. In this respect, CEMBUREAU participated in the 3rd session of the Intergovernmental Negotiating Committee (INC3) held in Nairobi (Kenya) on 31 October until 4 November 2011. In addition, the

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Association was invited to represent the CSI on the UNEP Partnership Advisory Group.

On 6 November 2011, the Partnership Advisory Group officially launched the Cement Partnership on mercury. This initiative is led by the CSI, with an additional co-chair due to be appointed in due to course. The co-chair is likely to be a government representative. The CSI has started working on a Business Plan for this partnership. CSI will also have to now identify additional partners for this partnership as well as identify potential funding sources.

More information: *INC3*

ENVIRONMENT

Calculating the Environmental footprint of products

The European Commission launched in November 2011 a public consultation on its second draft of the methodology for the calculation of the environmental footprint of products and the environmental footprint of companies. The methodology is a multi-criteria measure of the environmental performance of a good or service throughout its life cycle, and aims to reduce the environmental impact of goods and services. The deadline for comments was 28 November 2011, and the methodology was discussed with a limited number of stakeholders during a workshop held on 29-30 November.

More information: *European Commission*

ENVIRONMENT

BUSINESSEUROPE raises concerns about BAT conclusions

Based on the note sent by the European Commission to the Member States, CEMBUREAU has concluded that Emission Limit Values (ELVs) and derogations will not be derived from Best Available Technique (BAT) conclusions from the Cement BAT Reference Document (BREF) until it has been revised under the Industrial Emissions Directive (IED) (see Eurobrief October 2011). However, other sectors whose BREFs were also adopted under the former Industrial Pollution Prevention and Control (IPPC) regime still fear the Commission's intent to repeat the controversial process recently exercised for the Iron & Steel and Glass BREFs which were developed under the IPPC and adopted under the IED. This process revealed a number of weaknesses.

As a result of this uncertainty, BUSINESSEUROPE has drawn the attention of the IED Article 75 Committee (comitology) to this issue. On 21 November 2011, the IED Article 75 Committee was asked to formulate its opinion on a set of important documents following the adoption of the IED,

including the guidance that establishes a procedure for the drawing up and reviewing of a BREF as well as the associated workflow. It is clear from this guidance that the chapter "BAT conclusions" can only be arrived at through an inclusive review process, with the Technical Working Groups playing a key role in deriving "BAT conclusions" at each step of this procedure on the basis of, among others, the data collection phase.

BUSINESSEUROPE emphasised that none of the BREFs adopted prior to the entry into force of the IED can be considered as the result of one of the Guidance workflow steps. An in-depth examination of these BREFs, following the process described in the Guidance, will be indispensable to ensure that appropriate and sufficient information is included in "BAT conclusions".

CEMBUREAU fully supports the BUSINESSEUROPE position.

More information: *BUSINESSEUROPE letter*

ENVIRONMENT

Council codifies Environmental Impact Assessment Directives and adds CCS

This Directive is a codification of Council Directive 85/337/EEC of 27 June 1985, and thus whilst it supersedes the various acts incorporated in it (Directive 97/11/EC of 3 March 1997, Directive 2003/35/EC of 26 May 2003 and Directive 2009/31/EC of 23 April 2009), it fully preserves their content. The Directive requires Member States to assess the environmental effects of certain public and private project before granting consent to the developer. Quarries and open-cast mining as well as installations for the manufacture of cement are in the project list (according to Directive 97/11/EC). Carbon Capture and Storage (CCS) projects have now been added to the list (according to Art 31 of Directive 2009/31/EC).

More information:
Environmental Impact Assessments
Directive

ENVIRONMENT

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Significant expansion of Natura 2000 network

According to the European Commission, the network of Natura 2000 sites (EU network of protected areas) has been expanded with the addition of 166 sites covering a total of 18 800 square kilometres. As highlighted by Janez PotoÄ•nik, European Commissioner for the Environment said: "Natura 2000 is at the moment one of the most effective tools we have in Europe to combat biodiversity loss, and it plays a key role in our strategy to protect our natural heritage."

Like many other industries, the cement sector depends on biodiversity and ecosystems. It is a resource intensive business and thus biodiversity conservation and ecosystems management play an important role in its long term resource and reserve strategy. Compatibility between mining activities and biodiversity is achievable through correct resource management during the mining phases in the cement sector. For example, a range of studies conducted in several European countries have demonstrated that correctly managed quarries are able to provide habitats to some protected species. In addition, proper planning and rehabilitation can positively contribute to biodiversity conservation.

More information:
Commission Press Release
CEMBUREAU biodiversity case study database

HEALTH AND SAFETY

C&L Cement and Clinker: potential change in sensitiser category

On 1 December 2012, the CLP Regulation (Regulation (EC) No 1272/2008), which contains the new system for classification, labelling and packaging of substances and mixtures, will undergo a modification which will make it possible to split the classification sensitiser category 1 (currently used classification for Portland cement clinker and common cements) into:

» Category 1A ("a lot of people are sensitised") and

» Category 1B ("few people are sensitised").

However, in the event that there is no data available, it will be possible to maintain "category 1".

CEMBUREAU welcomes this modification as, in light of the epidemiological data which is available, cement and clinker could be classified as Category 1B, as few individuals are sensitised.

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RESOURCE EFFICIENCY

Application of Life Cycle Assessment and Thinking to waste management

The Joint Research Committee (JRC)1, together with the European Commission's Directorate General for the Environment, has developed the following series of guidance documents on how to apply Life Cycle Thinking (LCT) and Life Cycle Assessment (LCA) to the waste management sector in a coherent and quality-assured manner.

» Supporting environmentally sound decisions for waste management - A technical guide to LCT and LCA for waste experts and LCA practitioners

» Supporting environmentally sound decisions for bio-waste management - A practical guide to LCT and LCA

» Supporting environmentally sound decisions for Construction & Demolition (C&D) waste management - A practical guide to LCT and LCA.
According to the guidelines, the waste hierarchy should always be applied, as a general rule. Nevertheless, LCT can also be used to complement the waste hierarchy and to ensure that the best overall environmental option is identified.

CEMBUREAU welcomes the fact that the LCA guidance (Supporting environmentally sound decisions for waste management) is illustrated with co-processing in a cement kiln. As highlighted by the guidance, one major advantage of the energy recovery from waste in a cement kiln is the simultaneous recovery of energy and minerals. In addition, it notes that the use of waste in cement has no negative impact on the environmental quality of the product, and thus cement can continue to be used without restrictions for concrete and mortar production. In addition, the recyclability of these materials remains unaffected. CEMBUREAU would welcome recovery being ranked in parallel to recycling/re-use, in view of its relevance as highlighted by the guidance document.

More information: *Guidance documents*

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1 The European Union's scientific and technical research laboratory and an integral part of the European Commission.

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CONSTRUCTION

Eco-label and GPP for office buildings under development

The European Commission's Joint Research Centre is developing eco-label and green public procurement criteria for office buildings. The proposed eco-label will be a voluntary label awarded to the top 10 - 20% of office buildings, both new buildings and those undergoing major renovation. It will be based on criteria for energy consumption, selection of materials and use of hazardous materials, indoor air quality, waste management, water management and facilitates and corporate criteria. The proposed eco-label criteria were discussed during the 2nd ad-hoc working group meeting which was held in Brussels on 30 November 2011, in which the European Concrete Platform (ECP) participated. A stakeholder meeting on green public procurement will be held in early 2012. The Commission intends to launch the eco-label scheme in 2013.

OTHER NEWS

Commission Workplan shows busy years ahead

On 15 November 2011, the European Commission adopted its 2012 Work Programme. In terms of priorities these include:

» â€˜Building a Europe of stability and responsibility', with the aim of completing the reform of the financial sector,

» â€˜Building a Union of growth and solidarity', which includes the Single Market and "encouraging a jobs-rich recovery",

» And â€˜Giving the EU an effective voice in the wider world'

Several of the initiatives proposed are of relevance to the cement industry. In 2012, the Commission plans to include maritime transport emissions under the Emissions Trading Scheme (ETS), subject to there being no international agreement on reduction targets in this area by 2011. The Commission also plans to:

» publish a Communication on Health & Safety,

» conduct a review of the REACH Regulation

» carry out a revision of the implementation of the Europe 2020 Flagship on industrial policy

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» publish a report on Carbon Capture and Storage.
For 2013, the Commission envisages, amongst others:

» an EU adaptation to climate change strategy,

» a revision of the Directive on protection of workers against the risks associated to the exposure to Carcinogens and Mutagens at work,

» a Communication on energy technologies in a future European energy policy,

» a review of air quality policies

» an assessment of the implementation of the Directive on environmental liability,

» and a mid-term review of the 2020 Biodiversity Strategy
More information: *Commission Press Release*

On 8 November 2011, the European Commission submitted the draft regulation on the Monitoring and Reporting of Greenhouse Gas Emissions under the EU Emissions Trading Scheme to the Climate Change Committee. In CEMBUREAUâ€™s view, this final draft is acceptable to the cement industry, particularly regarding the definitions related to biomass, as well as the provisions on dealing with biomass, as follows:
â€˜biomassâ€™ = the biodegradable fraction of products, waste and residues from biological origin from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of industrial and municipal waste. It includes bioliquids and biofuels;'bioliquids' = liquid fuel for energy purposes other than for transport, including electricity and heating and cooling, produced from biomass;'biofuels' = liquid or gaseous fuel for transport produced from biomass;â€˜biomass fractionâ€™ = the ratio of carbon stemming from biomass to the total carbon content of a fuel or material.The draft regulation was discussed by the Climate Change Committee on 22 November, with the vote expected to take place on 14 December 2011.
More information: European Commission

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OTHER NEWS

Working Time Directive revision: state of play

On 15 November 2011, the European Commission issued a statement regarding the current status of the review of the Working Directive, which was launched in 2010. As well as providing an overview of the Directive's main provisions, the press release indicates that prior to making any legislative proposal related to social policy, the Commission has to consult with representative social partner organisations. In this respect, and in accordance with the Treaty on the Functioning of the European Union, the social partners have decided to launch talks and have 9 months to reach an agreement. If an agreement is reached, the social partners can ask for its implementation as a Directive. The Council may then either adopt it, or reject it, by qualified majority, but may not amend it. The Parliament is informed, but is not a co-legislator. In the event that no agreement is reached by the social partners, it is then up to the Commission to present a legislative proposal, based on the consultations and impact assessment work conducted in 2010.

More Information: *Commission Press Release*

UPCOMING MEETINGS/EVENTS

EUROFER Construction Seminar

BRUSSELS 8 DECEMBER 2011

Focus:
A unique view on the short and medium term prospects and challenges for the EU construction sector

Organiser:
EUROFER, the European Steel Association

More information

UPCOMING MEETINGS/EVENTS

Go sustainable, be responsible! European civil society on the road to Rio+20

BRUSSELS 7-8 FEBRUARY 2012

Focus:
The United Nations is convening a Summit level Conference on sustainable development in Rio

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in the summer of 2012. This conference is intended to voice European civil society's positions on Rio+20 and help make the UN Summit a success.

Organiser:
The European Economic and Social Committee

More information

On 18 November 2011, the European Commission formally adopted the registry rules of the EU Emission Trading Scheme (ETS). These were published in the Official Journal on 29 November and entered into force on 30 November. The delivery of allowances to the European Investment Bank will follow in due course.
More information:European CommissionOfficial JournalEurobrief October 2011
On 15 November 2011, the International Federation of Industrial Energy Users (IFIEC-Europe) called on the European Commission to ensure that sectors at risk of carbon leakage receive full compensation for the indirect effects of the EUâ€™s Emission Trading Scheme (ETS). In a letter to Commissioner Almunia, the Federation highlighted that this compensation is essential for Europeâ€™s energy intensive industries to remain in the EU. IFIEC-Europeâ€™s letter follows a statement made by the Commissioner on the Commissionâ€™s position regarding developments in State Aid Policy.
More information:Commissioner Almuniaâ€™s full speechIFIEC-Europe letter to Commissioner Almunia
On 17 November 2011 the European Commissionâ€™s second decision on the sectors and subsectors which are deemed to be exposed to a significant risk of carbon leakage was published in the Official Journal. The cement industry already qualified as a sector vulnerable to carbon leakage under the Commissionâ€™s first decision, published in 2010 (2010/2/EU). This second decision adds new sectors to the list, as the Commission reassessed some sectors and subsectors which had not been fully analysed in 2009 or for which data quality and availability was limited.
More information:Commission Decision Eurobrief April 2009 Editorial
According to Swiss bank UBS, the price of carbon could tumble to as low â‚¬3 per tonne in the EU next year. This is believed to be the result of the ongoing debt crisis and the oversupply of permits. UBS also indicated that the Emissions Trading Scheme "isn't working" as carbon prices are "already too low to have any significant environmental impact." EU Allowances plunged to â‚¬9.23 on 18 November 2011, the lowest price since February 2009, going on to fall to â‚¬7.86 on 24 November.
On 24 November PointCarbon highlighted the consequences of the collapse in EUA prices. However, according to the article, on the issue of potential EU intervention on prices, Jos Delbeke, director-general at the European Commissionâ€™s DG Climate Action, has stated

that â€œChanging the rules would mean going to a process of co-decision, it takes easily two to three yearsâ€•.
More information:Reuters PointCarbon â€œEUAs could crash to 3 euros next year, says UBSâ€• PointCarbon â€œAnalysis Brussels' hands tied as CO2 prices navigate unchartered territoryâ€•
On 14 November 2011, the European Commission published an online Q&A regarding the use of international credits in the 3rd phase of the EUâ€™s Emission Trading Scheme. In the event of any further questions, stakeholders have been invited to submit them to credits-inquiries@ec.europa.eu
More information: Q&A
On 16 November 2011 the European Parliament adopted a resolution on the climate change conference in Durban (COP17). In its resolution, the Parliament stresses that it is in the EUâ€™s own interest to aim for a climate protection target of over 20%, regardless of the outcome of the international negotiations, and that â€œthe EUâ€™s effort to transform its economy must not falterâ€•. The Parliament also believes that the EU must convince other countries, including China and the US, that â€œemission reductions are feasible without losing competitiveness and jobsâ€•.
More information: European Parliament Resolution

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