

## Energy Prices – CEMBUREAU statement

5<sup>th</sup> September 2022

The current situation on Europe's energy markets has seen, in some Member States, a tenfold increase in electricity prices compared to last year. **Such a high level of prices triples the costs of producing cement in the EU<sup>1</sup>**. This comes on top of already significantly increased prices for other energy carriers and is posing a near-term, direct threat to operations across the European cement industry. Unless urgent actions are taken at both European and national level, the current energy prices will lead to widespread plant closures across the EU, creating a crisis in the construction supply chain.

Against this background, several concrete actions should be taken without delay to support energy-intensive sectors and households alike. **In the short term, CEMBUREAU supports the following measures:**

- **All available sources of electricity generation should be used to boost power supplies.**
- **Emergency measures, including energy price caps, should be implemented immediately** to relieve energy markets and the reduce prices for both businesses and households.
- **The EU temporary state aid framework adopted in late March 2022 should allow all energy-intensive industries to have access to state aid** covering 70-80% of eligible costs. Under the existing framework, the cement sector is only eligible for state aid up to 50% of eligible costs, as it does not figure in Annex I of the Framework (which lists the sectors eligible for indirect compensation under the EU ETS Indirect compensation Guidelines). Under the current market conditions, there is no objective justification for such differentiated treatment.
- **Co-processing in cement kilns should be actively encouraged:** the use of non-recyclable waste and biomass waste in cement kilns ('co-processing') is a readily available solution that reduces reliance on imported fossil fuels and helps decarbonise cement production. It should be supported by targeted measures at the EU level. At a national and local level, authorities should seek to redirect non-recyclable waste and biomass waste towards cement kilns as opposed to landfilling or incineration.

Furthermore, **the following measures should also be urgently considered:**

- **The electricity market design rules, including the marginal price setting mechanism, should be changed** to prevent further electricity price hikes in the future.

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<sup>1</sup> One tonne of cement takes around 110kwh of electricity to produce. Therefore, with electricity prices now between Eur700-1000mwh as observed in several EU Member States, electricity costs amount to Eur70-110 per tonne of cement, tripling the total cost of production.

- **The cement sector should be made eligible for financial compensation under the EU ETS indirect state aid Guidelines.** Electro-intensity should be a main criterion for eligibility. In parallel, indirect emissions should be included in the EU Carbon Border Adjustment Mechanism (CBAM).
- **The large-scale deployment of renewable energy should be supported across the EU,** through faster permitting measures and grid infrastructure deployments (including direct grid connections to industrial sites).
- **The pace of the EU climate agenda ('Fit for 55') should be maintained, and the Carbon Border Adjustment Mechanism (CBAM) should be implemented in a timely manner.** Eurostat data shows that EU cement imports have spiked significantly (+300% in five years, +54% in 2021 alone), a trend which has continued in the first three months of 2022 (+47% as compared to the same period in 2021). This rise of EU cement imports further highlights the need for a CBAM to be implemented swiftly. In parallel, continued support for breakthrough technologies such as Carbon Capture, Utilisation and Storage (CCUS) plays a critical role to decarbonise the industry.

CEMBUREAU stands ready to further work with policymakers on concrete solutions to support the cement industry, which underpins the construction of energy efficient homes and vital infrastructure to achieve carbon neutrality.

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## **NOTES FOR EDITORS**

### **CEMBUREAU – The European Cement Association**

CEMBUREAU, the European Cement Association is based in Brussels and is the representative organisation of the cement industry in Europe. Currently, its Full Members are 23 national cement industry associations and cement companies of the European Union plus Norway, Switzerland, Turkey and the UK. Croatia, Serbia and Slovakia are Associate Members of CEMBUREAU. Cooperation agreements have been concluded with Vassiliko Cement in Cyprus and UKRCEMENT in Ukraine.

Please click [here](#) to view the 2050 Carbon Neutrality Roadmap online, and click [here](#) to access CEMBUREAU's map of ongoing innovation projects.

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