



EUROPEAN COMMISSION

Cabinet of Executive Vice-President Valdis Dombrovskis

Brussels, 29/06/2021

Meeting EVP Dombrovskis with Cembureau on CBAM

29-06-2021

MINUTES

Participants:

CEMBUREAU

1. [REDACTED] CEMBUREAU [REDACTED]
2. [REDACTED] CEMBUREAU [REDACTED]
3. [REDACTED]
4. [REDACTED] LafargeHolcim
5. [REDACTED] CRH Europe Materials
6. [REDACTED] Cement Group
7. [REDACTED] CEMBUREAU [REDACTED]
8. [REDACTED] CEMBUREAU [REDACTED]

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1. EVP Valdis Dombrovskis
2. Mr Gints Freimanis
3. [REDACTED] (DG TRADE)

Minutes of the meeting:

A meeting took place on 29 June 2021 at 14h between representatives of Cembureau [REDACTED] and EVP Dombrovskis, his Cabinet (G. Freimanis, [REDACTED] and DG TRADE [REDACTED])

The purpose of the meeting was to discuss the upcoming Commission's proposals of the Fit for 55 package, in particular the Carbon Border Adjustment Mechanism (CBAM).

[REDACTED] started the meeting by highlighting the need for the cement industry to have regulatory stability so as to be able to undertake the investments needed for CO2

decarbonisation. He stressed that the cement industry is aligned with the objectives of the Green deal and that it plans to reduce emissions substantially by 2030 and reach neutrality by 2050. This will require a stable regulatory and economic environment where companies in the cement sector would be able to compete on an equal footing with foreign operators. He highlighted the need for an international engagement towards the reduction of emissions, noting that the EU represents only 5% of the cement market worldwide while China represents 52%.

Other Cembureau representatives intervened to support these points. In particular, [REDACTED] mentioned current and future investment plans in the sector of biomass, recycle waste and carbon capture storage and underlined the need to ensure a coexistence of the CBAM with the free allowances. [REDACTED] mentioned that the cement production in Europe is increasingly threatened by subsidised production in neighbouring countries, where energy is available at cheap prices. [REDACTED] mentioned efforts to invest in carbon capture storage and underlined the need that the CBAM is carefully designed to avoid the risk of carbon leakage. [REDACTED] described the situation of his company, which is a medium size enterprise present in Greece, Turkey and Bulgaria. He described the situation of third countries that have been taking actions incompatible with the Paris Agreement. [REDACTED] stressed the importance for the EU to support circular economy models. Regarding the CBAM, he recalled that Cembureau had commissioned two legal opinion confirming that the combination of free allowance with the CBAM is WTO compatible depending on how this is designed. He underlined that the emission intensity of imported clinker would need to be taken into account in the design of the mechanism. [REDACTED] added that in order to make investments the industry needs to be sure that it can make returns and that the level playing field is ensured.

EVP Dombrovskis noted that he is following closely the ongoing work of the Commission to prepare major initiatives to speed up the EU transition to a green economy in view of the external dimension and to ensure compatibility of the planned measures with EU's commitments under the WTO rules. He noted that various instruments are available for the EU to support the industry efforts towards decarbonisation, including R&D, the Innovation Fund under the ETS and other support measures compatible with the state aid framework.

On the CBAM, he noted that the free allowances are expected to be phased out as the CBAM is gradually phased in. The design of this mechanism will need to be carefully calibrated to ensure close alignment and compatibility with the WTO rules. The CBAM would also need to take into account the emission intensity of products and it would need to have mechanisms in place to deal with issues of circumvention. The idea will be to start with a limited number of sectors which are particularly energy intensive and exposed to the risk of carbon leakage, and then see how the coverage can be expanded in the future both throughout the value chain and to other sectors. The Commission services are carefully assessing the legal aspects of the CBAM while the proposal is being finalised, and they will be ready to discuss specific aspects once the proposal is finalised. He stressed that while the EU needs a CBAM to address the risk of carbon leakage, the CBAM would need to withstand the scrutiny of the WTO and therefore it will need to be in line with the EU's international commitments.

Regarding the issue of recycling he noted that the EU has a circular economy action plan and that recycling will be an important element in the move to decarbonisation and greening of the economy.

Finally, on the issue of alleged subsidised exports, he noted that a range of trade defence instruments is available to counter unfair competition from subsidised or dumped imports provided the industry claims are supported by evidence. He noted that in line with the recent TPR strategy the Commission is committed to take a more assertive approach in defending the rights of the EU industry when third countries are not playing by the rules.

The meeting concluded with the industry representatives stressing their intention to reduce emissions and to work together with the Commission to ensure that the cement sector would be part of the solution to climate transition. EVP Dombrovskis recognised the importance of working together to ensure that the industry is aligned with the EU priorities and invited the industry to address issues of unfair competition with the relevant Commissions services through the available legal means.