Phone call with CEMBUREAU - 21/09/2021

Meeting Summary

For CEMBUREAU:

(CEMBUREAU)

CONTROL (Verein Deutscher Zementwerke)

CONTROL (Verein Deutscher Zementwerke)

For the Commission:
PIERGIOVANNI Michele (CAB-VESTAGER)
JENSEN Anne Funch (CAB-VESTAGER)

The meeting focused entirely on the rules for levy reductions in favour of EIUs. At the end of the meeting, CEMBUREAU noted that also the issues of (i) CCSU and (ii) CCfD are of interest to them and discussion on these matters could take place in the future.

For the EU cement industry, the exclusion from levy reductions would entail 260 million EUR of additional costs each year. This is equal to 20% of the sector's GVA and to 30 000 EUR per employee. For Heidelberg cement, the impact is worth at least 100 million EUR annually. The cement industry also pointed out that the CEEAG rules on levy reductions should also address competition distortions within the EU, both in terms of relocation towards EU countries with low or no levies and in terms of competition distortions with substitutable products. Lastly, electrification is a central part of the sector's decarbonisation strategy, which the exclusion from levy reductions risks to undermine.

The Commission elaborated on the context and reasons driving the proposed review of the rules at stake. Alongside the need to strike the balance between relocation risk and competition distortions, also the convergence to ETS rules addressing a similar objective was mentioned. The proposed methodology to determine eligibility was one point on which the Commission has explicitly asked for stakeholders' feedback. A large number of respondents to the public consultation has reacted on the EIUs rules, noting that the proposal is too restrictive and the eligibility methodology overly rigid.

Using the Commission' CBAM as reference, the cement industry noted that the proposed CEEAG methodology focuses too much on trade intensity and that carbon leakage is not only about relocation of EU industry but also about increased import of products with higher carbon footprint. Import of cement and clinker is increasing rapidly in the EU (+116% in Italy). CEMBUREAU also noted that the eligibility methodology for the ETS carbon leakage is more flexible than the one proposed for the CEEAG.

The Commission asked whether the sector perceives the different reductions in levies and taxes across Member States as a problem. This was not clearly picked up, noting that at group level the impact of facing the full levy in certain countries would be sizeable. In reply to a second Commission's question, the industry does not expect levies to decrease in the near future. First, reforming such financing regime would take time. Second, support to renewables is not going to decrease anytime soon due to the long-term support commitments. Third, the increased EU decarbonisation ambitions might be well financed through new levies. Network charges are also expected to increase significantly due to the Green Deal.