

Meeting with CEMBUREAU, European Cement industry association; 15 May 2020

Participants: Ms. Linsey McCallum and Ms. Louise Grønfeldt (Cabinet Vestager); P

Cembureau reiterated the arguments presented to the COMP ETS team namely that the sector is at significant risk of carbon leakage and should therefore be on the list of eligible sectors.

In particular, Cembureau

- Questioned the assessment done by the Commission services and their consultant as regards the risk of carbon leakage, as their own assessment rendered the sector at a higher risk level than low-medium.

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Cabinet Vestager:

- Thanked Cembureau for the data submitted in reply to the public consultation and assured them that all submissions would be taken into account in the finalisation of the guidelines; agreed with Cembureau that addressing the risk of Carbon leakage is essential to the Green Deal policy of the EC.
- Explained that aid for indirect emission costs may have a negative impact on the efficiency of the EU ETS and the aid is poorly targeted, the aid would relieve the beneficiaries of the cost of their indirect emissions, thereby limiting incentives for emission reductions and innovation in the sector. As a result, the costs of reducing emissions would have to be borne mainly by other sectors of the economy; and further that such State aid may result in significant distortions of competition in the internal market, in particular whenever undertakings in the same sector are treated differently in different Member States due to different budgetary constraints.
- On the specific questions of trade intensity: explained that only those sectors at significant risk of carbon leakage should be eligible for compensation and that trade intensity is an important element in this respect, and, second, that there needs to be one single carbon leakage list for the entire EU.

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