

**From:** [CAB BRETON ARCHIVES](#)  
**To:** [REDACTED]  
**Subject:** FW: CEMBUREAU's initial reaction on 'Fit for 55' package + request for a meeting Ares(2021)5521971  
**Date:** mercredi 8 septembre 2021 16:01:00  
**Attachments:** [image001.png](#)  
[Document 20327 - 20327 CEMBUREAU position paper on the draft reviewed State Aid Guidelines on Energy and the Environment.pdf](#)

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We confirm receipt of your message

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**From:** [REDACTED] (CAB-BRETON) [REDACTED]  
**Sent:** Wednesday, September 8, 2021 3:33 PM  
**To:** CAB BRETON ARCHIVES <xxxxxxxxxxxxxxxxxxxx@xx.xxxxxx.xx>  
**Subject:** FW: CEMBUREAU's initial reaction on 'Fit for 55' package + request for a meeting Ares(2021)5521971

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**From:** [REDACTED]  
**Sent:** Wednesday, September 8, 2021 3:07 PM  
**To:** CANTON Joan (CAB-BRETON) [REDACTED]; [REDACTED] (CAB-BRETON) [REDACTED]  
**Cc:** [REDACTED] <[REDACTED]>; [REDACTED] (CAB-BRETON) [REDACTED]  
**Subject:** CEMBUREAU's initial reaction on 'Fit for 55' package + request for a meeting

Dear [REDACTED], dear Mr Canton,

Firstly, I hope all is well and that you had a good break.

We wanted to share with you below CEMBUREAU's initial reaction on the 'Fit for 55' package. We will complement the thoughts below in the weeks to come with more detailed documentation, but I hope the below remarks are useful at this stage.

In addition, we wanted to follow-up from our previous exchanges and ask whether you would be available for a brief (virtual) meeting in the coming weeks? This would be the occasion to discuss the overall Fit for 55 package as well as a number of issues related to industrial decarbonisation. As things stand, our [REDACTED] and I would be available on the following dates:

- 20<sup>th</sup> September in the morning or at 16.00
- 21<sup>st</sup> September at 10.00
- 22<sup>nd</sup> September anytime before 16.00
- 23<sup>rd</sup> September afternoon
- 28<sup>th</sup> September morning
- 29<sup>th</sup> September morning
- 4<sup>th</sup> October
- 5<sup>th</sup> October morning

- 8<sup>th</sup> October
- 14<sup>th</sup> October
- 18<sup>th</sup> October
- 19<sup>th</sup> October
- 21<sup>st</sup> October
- 25<sup>th</sup> October
- 26<sup>th</sup> October

Would any of these be convenient from your perspective?

Many thanks in advance for your consideration and we hope to see you soon.

Best Regards,



### **CEMBUREAU / initial reaction on 'Fit for 55' package**

#### **Carbon Border Adjustment Mechanism – draft Regulation**

- We welcome the draft Regulation and the Commission's ambition to ensure that *"imported products are subject to a regulatory system that applies carbon costs equivalent to the ones that otherwise would have been borne under the EU ETS"*. Whilst the proposed CBAM is broadly fair and transparent, we believe it should be further strengthened to strictly reflect the carbon costs faced by EU suppliers (e.g. stronger incentives to use verified emissions as opposed to averages), and through the introduction of stronger monitoring and circumvention mechanisms (e.g. consideration for a 'centralised' CBAM authority, measures against resource shuffling). We also note that a number of delegated acts will be crucial for the successful roll-out of CBAM.
- We strongly believe that CBAM should include indirect emissions; these are critical when considering the decarbonisation of European industries, which necessitates a greater electricity use. Similarly, due consideration should be given to transport emissions, now that road and maritime transport will also be covered through carbon pricing schemes;
- Crucially, CBAM should include export rebates/a mechanism for exports to avoid a situation its implementation would result in lower access to export markets for the European industry, with a negative impact on global CO2 performance; this point is particularly critical given the proposed phase-out of free allocation;
- In relation to free allocation under the EU ETS, it will be important to ensure a gradual and 'de-risked' implementation of CBAM (see below)

- Finally, we believe that CBAM should avoid market distortions between sectors and ensure that its revenues support the decarbonisation of energy-intensive industries.

#### **EU Emission Trading Scheme – draft Directive**

- The key parameters of the ETS reform (increase of the Linear Reduction Factor, the re-basing of the cap and strengthened benchmark rules) will put considerable pressure on the industry, and further accentuate carbon leakage in the sector;
- In this context, it is essential that ensure a gradual and ‘de-risked’ implementation of CBAM, where the instrument co-exists with ETS free allocation at current level until it is fully operational and tested;
- ETS revenues should be used to unlock investments in breakthrough technologies such as Carbon Capture, Use and Storage (CCUS), which plays a pivotal role in the cement industry. The introduction of Carbon Contracts for Difference (CCDs) is welcomed and we stand ready to work on its further implementation. We were pleased to see the extensive attention for the design of Contracts for Difference in the Commission’s Impact Assessment with due attention to covering both CAPEX and OPEX.
- We are however concerned about the impact of the proposed ETS Directive on CO<sub>2</sub> utilisation. It is imperative that clear accounting rules are put in place to incentivise the re-use of CO<sub>2</sub>. As things stand, the draft Directive would significantly constrain the potential of CCUS technologies.
- The use of non-recyclable waste and biomass waste is a key lever to reduce emissions in cement production. Going forward, it is key to include waste incinerators in the EU ETS so that they are faced with similar climate requirements to those of cement kilns.

#### **Energy Taxation – draft Directive**

- We are still looking at the text to understand how the provisions of the Directive would impact us on namely two issues: the covering of the alternative fuels/waste that the cement industry uses to phase-out fossil fuels, and the modified non-applicability provisions in article 3 (mineralogical processes and dual use).

#### **Draft State Aid Guidelines on Energy and the Environment**

- Lastly, CEMBUREAU wishes to underline the importance of an

initiative of the European Commission that is not part of the Fit for 55 package, but has the potential to significantly and adversely impact the sector's decarbonization efforts. As stated above, decarbonisation will entail an increased need for electricity in our sector (carbon capture, for instance, requires 50% to 120% more electricity). The cement sector, contrary to the steel sector, is currently not eligible for indirect compensation under the ETS Directive mainly because of a 20% trade intensity threshold. This same threshold is now applied by the European Commission in its Draft Energy and Environment State Aid Guidelines resulting in a deletion of the cement sector from the eligibility list for electricity levy exemptions. This proposed change puts at risk 36 million tonnes of cement production in the EU which equals the production capacity of 29%-34% of total plants in the EU. CEMBUREAU has submitted comments into the public consultation (please find it attached) but maintaining eligibility is a crucial issue for the facilitation of the decarbonization of our industry.

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**From:** [REDACTED]  
**Sent:** mardi 6 juillet 2021 09:16  
**To:** [REDACTED];  
[REDACTED]  
**Cc:** [REDACTED]; [REDACTED]  
[REDACTED]  
**Subject:** CEMBUREAU / CBAM statement, latest EU import trends, and CO2 costs in cement industry

Dear [REDACTED], dear Mr Canton,

I hope all is well. As a follow-up to our previous exchanges, and since we understand that discussions on the 'Fit for 55' package and more specifically on the co-existence between ETS free allocation and CBAM will take place in the coming days, we wanted to provide you with a few recent documents:

- The statement that CEMBUREAU issued on the Fit for 55 package, which sets out position on a co-existence between ETS free allocation and CBAM, and the necessity for CBAM to ensure a fully comparable CO2 cost basis between EU and non-EU suppliers.
- An infographics on recent trends in EU cement imports from non-EU countries, based on Eurostat data, showing a significant increase in recent years (160% increase between 2016 and 2020, and 25% increase in 2020 alone);
- Some calculations that we made recently about the importance of CO2 costs in the cement industry, based on publicly available data. These shows that in light of the recent ETS price increase, and despite free allocation, the EU cement industry's CO2 costs amount today to about 8-10% of our total production costs. Such high share of CO2 costs is quite

unique to our industrial sector and is very challenging in a low-margin business like ours - no other cement company in the world is exposed to such costs. It is therefore vitally important to proceed carefully with CBAM and avoid any phase-out of free allocation until CBAM is fully operational and tested and demonstrates an appropriate level of carbon leakage protection.

We hope this is helpful. Please do not hesitate to contact us should you need any additional information, and we will of course be delighted to meet again when the package is published.

Finally, we thank you for all the work which has been done in the past months in view of the package and we wish you a relaxing summer break.

Best Regards,

[Redacted]

[Redacted]

**CEMBUREAU – The European Cement Association**

Rue d'Arlon 55, 1040 Brussels, Belgium

[Redacted]

W: [www.cembureau.eu](http://www.cembureau.eu)

EU Transparency Register No: 93987316076-63



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**From:** [Redacted]  
**Sent:** Monday, June 21, 2021 9:25 AM  
**To:** CANTON Joan (CAB-BRETON) [Redacted] >; [Redacted]  
**Cc:** [Redacted]; [Redacted]  
**Subject:** RE: CEMBUREAU, European Cement Association / Legal opinion on CBAM and meeting request on “Fit for 55%” package  
**Importance:** High

Dear [Redacted], dear Mr Canton,

Please allow me to follow-up from my previous messages – as mentioned below, we would strongly appreciate to have a brief virtual meeting with you in the coming days. In a nutshell, our industry is pretty alarmed by messages coming out of the European Commission that, as part of the ‘Fit for 55’ package, the level of free allowances for industry may be significantly reduced for sectors covered by a Carbon Border Adjustment Mechanisms (CBAM). I have put just below my signature some of our key messages on the matter.

The following dates would work well for Koen and me for a brief virtual meeting:

- 24<sup>th</sup> June at 16.00
- 25<sup>th</sup> June at 09.00
- 28<sup>th</sup> June anytime in the afternoon
- 29<sup>th</sup> June anytime from 15.00
- 30<sup>th</sup> June anytime except lunchtime
- 1<sup>st</sup> July anytime in the afternoon
- 2<sup>nd</sup> July at 09.00

Would any of these dates/time be suitable from your perspective?

We thank you for your consideration and look forward to hearing from you.

Best Regards,



It is vital that the 'Fit for 55' package does not endanger the investment decisions and projects made by European cement companies. In this respect, the package should:

- **Ensure that free allocation under the EU ETS fully co-exists alongside CBAM for an appropriate transition period lasting until 2030.** Legal analysis has shown that such design can be WTO compatible whilst avoiding any form of 'double protection', provided that CBAM takes into account the level of free allowances in calculating the levy to be paid by third country importers. Such co-existence is key to shield the industry from the risks of a complex and untested mechanism by CBAM. It also honours the legitimate expectations flowing from the existing EU ETS, adopted in 2018 and applicable until 2030, which forms the basis for decarbonisation investments in industries with long-term investment cycles;
- **Ensure a fully comparable CO2 cost basis between EU and non-EU cement suppliers, and does not result in weakened carbon leakage protection.** Already under the current ETS, only the average 10% best performers receive their full allocation for free, which incentivises best performing companies on CO2 reductions. This means 95% of the EU cement operators do carry a CO2 cost that virtually no other cement plant in the world is facing. Any additional cost that would not be met with an appropriate level of CBAM would paralyze the investments already initiated in the European industry;

- **Include a solution for European exports through export rebates, and covers both direct and indirect emissions.** Such approach would incentivize emission reductions in both the EU and third countries and prevent carbon-intensive products to flood the EU market to the detriment of EU operators that bear the full CO2 cost;
- **Secures a solid monitoring and verification system for assessing emission levels in third countries** whereby a proper monitoring is set up to accurately measure imports' emissions, and mitigate any risk of circumvention of CBAM through resource shuffling or public support measures.
- **Include a sufficiently broad number of sectors in CBAM** to avoid market distortions both in terms of ETS coverage and on downstream markets.

In the absence of these essential elements being part of the “Fit for 55” package, the conditions for the cement industry to develop a sound business case for investments in Europe and its crucial role in supplying the downstream concrete and construction market, would be seriously compromised. This would indeed happen at a time the sector faces rapidly-increasing imports from non-EU countries (see some data attached) and witnesses the emergence of an alternative business model whereby clinker, the most CO2-intensive part of cement, is produced outside the European Union and imported to be grinded in Europe. An exacerbation of these trends would only lead to significantly higher CO2 emissions in Europe, in addition to closure of production sites. We firmly believe in a scenario where a comparable cost basis with third country operators is ensured, allowing all to work towards a more global Industrial Decarbonisation Agenda as suggested in the Conclusions of the recent G7 summit.

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**From:** [REDACTED]  
**Sent:** lundi 14 juin 2021 09:05  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: CEMBUREAU, European Cement Association / Legal opinion on CBAM and meeting request on “Fit for 55%” package

Dear [REDACTED], dear Mr Canton,

I am writing to follow-up from the below e-mail and meeting request. Given the very dense EU agenda for our industry and the upcoming “Fit for 55” package, we would appreciate to have a brief virtual meeting with you in the coming weeks.

The following dates would work for my [REDACTED] and me:

- 21<sup>st</sup> June morning
- 22<sup>nd</sup> June afternoon
- 23<sup>rd</sup> June at 14.00 or 15.00
- 24<sup>th</sup> June at 16.00
- 28<sup>th</sup> June anytime from 11.00
- 29<sup>th</sup> June at 16.00
- 30<sup>th</sup> anytime except lunchtime
- 1<sup>st</sup> July anytime
- 2<sup>nd</sup> July afternoon
- 5<sup>th</sup> July anytime
- 6<sup>th</sup> July anytime

I thank you in advance for your response and we look forward to hearing from you.

Best Regards,

[REDACTED]

[REDACTED]

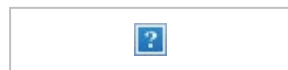
**CEMBUREAU – The European Cement Association**

Rue d'Arlon 55, 1040 Brussels, Belgium

[REDACTED]

W: [www.cembureau.eu](http://www.cembureau.eu)

EU Transparency Register No: 93987316076-63



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**From:** [REDACTED]

**Sent:** mercredi 19 mai 2021 08:41

**To:** [REDACTED]; [REDACTED]

**Cc:** [REDACTED]; [REDACTED]

[REDACTED]

**Subject:** CEMBUREAU, European Cement Association / Legal opinion on CBAM and meeting request on “Fit for 55%” package

Dear [REDACTED], dear Mr Canton,

I hope all is well. I am writing to follow-up from our previous exchanges on Carbon Border Adjustment Mechanisms (CBAM) and send you a legal opinion which have recently commissioned on the topic. I also wanted to



ask whether you would be available for a brief virtual meeting in the coming weeks.

Firstly, I am pleased to send you the attached legal opinion, which looks at the WTO compatibility of a CBAM in combination of with free allowances under the EU Emission Trading Scheme (ETS) and export rebates. The opinion has been developed by [REDACTED] ([REDACTED]) at the request from CEMBUREAU and other associations. A key conclusion from the opinion is that WTO law does not *per se* prohibit such co-existence of measures, provided that an appropriate methodology is used to calculate the exact scope of CBAM measures so as not to overlap with the coverage of ETS allowances.

As [REDACTED] will remember, this is an issue we have extensively discussed with the European Commission. We hope this legal opinion will be helpful and we would of course be pleased to discuss it. We will be sending a copy of the opinion to your colleagues in the relevant DGs.

In addition, we wanted to ask whether you would be available for a brief virtual meeting in the coming weeks. This would be the occasion to update you on our sector's decarbonisation efforts, the recently-published industrial strategy and the upcoming "Fit for 55%" package, in relation to industrial decarbonisation. This would also be the occasion to introduce our sector to Mr Canton.

As things stand, we would be available on the following dates:

- 31<sup>st</sup> May anytime
- 1<sup>st</sup> June afternoon
- 2<sup>nd</sup> June afternoon
- 3<sup>rd</sup> June anytime
- 4<sup>th</sup> June anytime
- 7<sup>th</sup> June afternoon
- 8<sup>th</sup> June morning
- 9<sup>th</sup> June afternoon
- 10<sup>th</sup> June morning
- 14<sup>th</sup> June afternoon
- 15<sup>th</sup> June morning
- 16<sup>th</sup> June anytime
- 18<sup>th</sup> June anytime

Would any of these dates be convenient from your perspective?

I thank you in advance for your response and I look forward to hearing from you.

Best Regards,

[Redacted]

[Redacted]

**CEMBUREAU – The European Cement Association**

Rue d'Arlon 55, 1040 Brussels, Belgium

[Redacted]

**W: [www.cembureau.eu](http://www.cembureau.eu)**

EU Transparency Register No: 93987316076-63

