

## Feedback on the European Commission Public Consultation for the Amendment of the ESR (Regulation EU 2018/842)

Brussels, 01/02/2021

CEMBUREAU welcomes the opportunity to provide feedback on the Commission public consultation for the “Amendment of the EU Effort Sharing Regulation” to be adopted Q2 2021.

CEMBUREAU’s commitment to Climate Change Mitigation is strong and our 2050 Climate Neutrality Roadmap (<https://cembureau.eu/news-views/publications/2050-carbon-neutrality-roadmap>), which was published in May 2020, sets out the cement industry’s ambition to reach net zero emissions along the cement and concrete value chain by 2050.

When it comes to the ESR public consultation, CEMBUREAU would like to provide the following comments:

***The achievement of an increased 2030 target will require a fair effort-sharing between all sectors of the EU economy, and this should be reflected in both the upcoming ESR and ETS Amendments.***

As a preliminary remark, CEMBUREAU wishes to highlight that the proposed revision of the EU-wide, economy-wide net greenhouse gas emissions reduction target by 2030 compared to 1990 of at least 55% will need to be met through actions from all areas of society. It will be particularly important to strike the right balance between ETS sectors on the one hand, where emissions have significantly reduced, and non-ETS sectors on the other hand, which in many cases have seen a stagnation or increase of their emissions. Particular attention should be given to the diverging CO<sub>2</sub> cost sensitivities in the different sectors. While industry stands in a harsh international competition both from extra-EU imports and on extra-EU markets, other sectors can more easily pass CO<sub>2</sub> costs on to their customers.

With regard to possible ways to amend the Effort Sharing Regulation to ensure a consistent implementation of stepping up Europe’s 2030 climate ambition we would like to give the following feedback.

***CEMBUREAU comments on option 1 of the inception impact assessment “Phase out the Effort Sharing Regulation as a consequence of extending emissions trading and merging both the non-energy related ESR emissions from agriculture and the GHG emissions/removals under the LULUCF Regulation under a single climate policy instrument.”***

CEMBUREAU generally supports the idea of expanding carbon pricing. With regard to the expansion of ETS, CEMBUREAU agrees that incineration should be included with the other energy intensive sectors within the existing ETS taking into account the same monitoring & reporting obligations. Such inclusion is desirable, both to level the playing field between waste incinerators and other energy producers which are covered by the EU ETS, but also to create a healthy competition between waste incinerators and cement kilns, which both use waste in their production processes. In the revision of

the ETS MRR the biogenic content of waste fuels and residues should not be subjected to sustainability and emissions saving criteria in the ETS.

With regard to the proposed inclusion of Maritime and Road transport together with buildings into the existing Emissions Trading System (ETS), we however do not believe this will achieve the desired reduction in GHG emissions as for these sectors as it will be relatively easy to pass on the cost of allowances to consumers.

The abatement targets would then ultimately fall back on industry within ETS where the increased cost of allowances will make industry more vulnerable to carbon leakage and impact on the ability for industry to make future investments to move to climate neutrality. At the same time, necessary CO<sub>2</sub> reductions in other sectors would be delayed. We therefore propose that these sectors are placed in a separate ETS where the cap can be adjusted to ensure these sectors achieve the necessary GHG emissions reduction. Prior to any decisions being made with regard to the expansion of ETS there would need to be a thorough impact assessment carried out to look at the effect it will have on the existing sectors within ETS and whether introducing the new sectors into ETS will achieve the desired GHG emissions reductions and not just result in them purchasing CO<sub>2</sub> allowances.

If the Effort Sharing Regulation is phased out, then CEMBUREAU agrees that non-ETS and non-bioeconomy sectors would require sufficiently stringent and effective regulations to ensure remaining emissions are covered and achieve the necessary GHG emissions reductions needed. These would include a review of the Renewable Energy, Energy Efficiency and Energy Performance of Buildings Directives, of the CO<sub>2</sub> and cars Regulation, of the Alternative Fuels Infrastructure Directive, as well as the reform of the Common Agricultural Policy, the Renovation Wave, the Circular Economy Action Plan to name a few examples.

***CEMBUREAU comments on option 2 of the inception impact assessment “Keep current ESR sectoral scope in parallel to extending emissions trading. Under this option, all of the current ESR sectors to be gradually covered by expanded emissions trading or a new integrated land-use/agriculture policy instrument would remain also under the ESR.”***

If Effort Sharing Regulation is kept, then the Member State targets would need to be brought in-line to ensure the whole of the EU society is making significant reductions in GHG emissions, so it becomes a lifestyle change for all and not just industry. The ESR should have a more EU coordinated approach with higher GHG emission reduction targets for 2030 to ensure these sectors contribute to the EU 2030 Climate Ambition.

***CEMBUREAU comments on option 3 of the inception impact assessment “Maintain in the ESR only the sectors not covered by emissions trading. Depending on the choices made in relation to a possible extension of emissions trading to other sectors, under this option the ESR would have a significantly reduced scope.***

As mentioned before, prior to any decisions being made with regard to the expansion of ETS there would need to be a thorough impact assessment carried out to look at the effect it will have on the existing sectors within ETS and whether introducing the new sectors into ETS will achieve the desired GHG emissions reductions and not just result in them purchasing CO<sub>2</sub> allowances.

Member State GHG targets for the sectors remaining in a reduced scope ESR, would still need to be brought in-line to ensure the whole of the EU society is making significant reductions in GHG emissions, so it becomes a lifestyle change for all and not just industry. The ESR should have a

more EU coordinated approach with higher GHG emission reduction targets for 2030 to ensure these sectors contribute to the EU 2030 Climate Ambition.

With regard to Member States meeting their own GHG targets, the recognition of recarbonation in concrete structures in the built environment as a permanent CO2 sink should be recognised in national greenhouse gas inventories.

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