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TIME TO ACT: STRENGTHENING THE EU'S LEADERSHIP ON GREEN TECHNOLOGIES AND DECARBONISING THE CEMENT INDUSTRY

In its meeting of 15th December, the European Council called upon the Commission to present early 2023 a framework to improve investment conditions, preserve a global level playing field and narrow the growth and innovation gap between Europe and its competitors.

The time to act is now. The impact of energy prices and the resulting loss of international competitiveness of EU industries require coherent and immediate action. It is also critical for the EU to maintain its leadership on green investments at a time our trading partners are launching massive subsidy programs (e.g. US Inflation Reduction Act).

The EU cement industry is executing its [Carbon Neutrality Roadmap](#) with a wide range of innovation projects throughout the value chain¹. A clear financing and regulatory framework is needed to provide a reasonable return on investments for such projects and accelerate their deployment.

A successful financing framework for industrial decarbonisation should be based on the following pillars:

- An EU ETS Innovation Fund that is fully focused on industrial decarbonisation to support energy-intensive industries to make their projects bankable and sustainable, and a mobilization of all other sources of EU and national funding (e.g. Recovery and Resilience Facility) towards this objective.
- A swift deployment of Carbon Contracts for Difference (CCFDs) at EU and national level to allow for a de-risking of projects, based on access criteria that are simple and fast in execution. An assessment criterion based on highest GHG reduction per euro state aid does not help those hard-to-abate sectors where decarbonization costs are highest and which should be the focus of Contracts for Difference;
- Access to combined sources of funding, both at EU and national level, should be facilitated through a "one-stop-shop" application where funding sources, application and approval timelines are coordinated allowing transparent and easy access comparable to the tax credit system under the United States Inflation Reduction Act.

Furthermore, regulatory frameworks play a key role in facilitating green investments. It is critical to:

- Implement more flexible and simplified State Aid rules. For instance, the EBITDA requirements in the Temporary Crisis State Aid framework result in a *de facto* denial of state aid to companies without the correct economic justification and should be deleted.
- Secure without further delay a European-wide infrastructure for carbon capture and storage and secure access to CO₂ pipelines against reasonable commercial conditions.
- Provide long-term legal certainty for green investments through sound policies. Recent Draft Delegated Acts on synthetic fuels have for instance cast doubt on the future of CO₂ utilization from industrial sources, without any serious impact assessment. This hampers the development of decarbonization projects to the point of threatening some of these projects, including those eligible for funding under the Innovation Fund.
- Ensure continued access to non-recyclable waste and biomass waste to the cement industry. These resources currently secure 52% of the sector's fuel needs, allowing to reduce the dependency on imported fossil fuels whilst decarbonizing our energy-intensive processes.

¹ Please see CEMBUREAU [interactive map](#) of innovation projects.

- Provide a well-functioning and interconnected electricity market where there is access to (renewable) energy at reasonable prices. Investments in renewable assets should be facilitated through faster permitting procedures, with special attention to the development of renewable assets on-site in industrial plants.

The cement industry and its European leadership stands ready to engage with the European Commission, the European Parliament and Member State governments to create the right conditions to secure a reasonable business case for projects that strengthen the EU's industrial leadership whilst decarbonizing the industry.
