



**24 January 2008**

**UK CEMENT INDUSTRY EXPRESSES SERIOUS CONCERN OVER UNCERTAINTY SURROUNDING EU ETS PLANS**

The UK cement industry today responded to the EU Commission's statement on the future of the European Emissions Trading Scheme.

In a statement issued today by the British Cement Association's (BCA) Chief Executive, Mike Gilbert, the industry praised Europe's desire to lead on global climate change, but expressed serious concern that the balance of effort has yet again been placed on manufacturing industry with little recognition of the potential impact on international competitiveness.

As an Energy Intensive Industry which is exposed to a risk of 'carbon leakage', the UK cement industry is concerned by the EU proposal for zero free allocation by 2020 and would like to see transitional measures put in place to ensure the competitiveness of European manufacturing. "We need an efficient and responsibly managed cement industry in the UK to support the government's challenging infrastructure programme" added Mr Gilbert.

The industry warns that to wait until 2010 for a Commission report on competitiveness creates uncertainty in investment decisions, with a possible knock-on effect to the construction sector – in particular when firm proposals can be made now to neutralise any distortive affects from imports.

BCA's statement is attached.



## **BCA STATEMENT**

The UK cement industry recognises the Commission’s desire for leadership on global climate change, but is seriously concerned that the balance of effort again rests on Europe’s industries which compete with international competitors not yet subject to the same ambitious climate change policies or increased electricity prices. Since 1990 the UK cement industry has invested heavily in reducing emissions levels – by 2006 the cement industry had already made a 29% reduction on 1990 emissions. The British Cement Association (BCA) questions whether current proposals fully recognise this early action and the scope for further abatement.

The industry expresses concerns at the EU proposal for zero free allocation by 2020 because the cement sector is an Energy Intensive Industry which is exposed to a risk of ‘carbon leakage’ as recognised by recent reports. Until international agreements are in place, the BCA urges transitional measures to be put in place to ensure the competitiveness of European manufacturing.

The BCA is disappointed that the Commission’s proposals do not explicitly exclude the cement sector and other CO<sub>2</sub> intensive industries from auctioning when ‘benchmarking’ is more applicable. Auctioning will simply reduce the funds available for investment in new and carbon efficient plant and equipment in EU countries. The BCA notes that issuing free allocations for industries such as cement will not affect the price of carbon - that is determined by scarcity. To wait until 2010 for a Commission report on competitiveness creates uncertainty in investment decisions, with a possible knock-on effect to the construction sector especially when firm proposals can be made now to neutralise any distortive affects from imports. “We need an efficient and responsibly managed cement industry in the UK to support the government’s challenging infrastructure programme” commented BCA Chief Executive Mike Gilbert.

The industry is reaching the limit of what can be achieved through conventional improvements in energy efficiency and must look towards cutting edge technologies such as Carbon Capture and Storage if further significant reductions are to be made. The BCA therefore welcomes the inclusion of Carbon Capture and Storage in the EU ETS. The use of CCS will not be possible until the necessary infrastructure is in place, which is not expected much before 2020.

Mr Gilbert, added 'The UK cement industry has made considerable investment to achieve sustainable production targets for many years. In 2007 our '*Performance*' report recorded excellent progress against the targets in the Environment Agency's Sector Plan, and in each milestone year the industry has exceeded the energy efficiency targets set by government under the UK Climate Change Agreement.

BCA members continue to invest in the improvement of plant energy efficiency and enhanced distribution networks. In combination our members produce annually some 12 million tonnes of cement, meeting 90% of the UK's demand for this essential, virtually irreplaceable, building material vital to our built environment. We all depend upon the concrete and mortar made with cement to build and maintain our homes, schools, offices, shops, hospitals, roads, transport infrastructure, water and energy utilities.'

-ENDS-

**For further information:**

Diana Maxwell, Head of Public Affairs and External Communications, British Cement Association: telephone 01276 608708, mobile 07866 388250, e-mail [dmaxwell@bca.org.uk](mailto:dmaxwell@bca.org.uk) or

Melanie Osler, Communications Executive, British Cement Association, telephone: 01276 608707, mobile 07870 179769, e-mail [mosler@bca.org.uk](mailto:mosler@bca.org.uk)

**Notes to editors:**

The British Cement Association (BCA) is the trade and research organisation representing the interests of the United Kingdom's cement industry in its relations with government, the European Union and relevant UK organisations. The members of the BCA (Castle Cement, CEMEX UK, Lafarge Cement UK and Tarmac Buxton Lime and Cement) are the major domestic manufacturers of Portland cement producing over 90% of the cement sold in the UK.

The cement industry has an annual turnover of £775 million and is a major supplier to the construction industry. It employs around 3,500 people directly with a further 15,000 jobs depending upon its operations.

Further information on BCA activities can be downloaded from [www.cementindustry.co.uk](http://www.cementindustry.co.uk)

1. The base year of 1990 for the measurement of CO<sub>2</sub> emission reductions is used to reflect the signing of the Kyoto Protocol to the United Nations Framework Convention on Climate Change. This is an amendment to the international treaty on climate change.
2. In January 2005 the European Union Greenhouse Gas Emission Trading Scheme (EU ETS) commenced operation as the largest multi-country, multi-sector Greenhouse Gas emission trading scheme world-wide. The scheme is based on Directive 2003/87/EC. <http://ec.europa.eu/environment/climat/emission.htm#brochure>
3. The risk of carbon leakage faced by the cement sector as an Energy Intensive Industry is noted in the October 2007 report by GHK and the Carbon Trust report of January 2008.
4. In March 2007 the European Council of Ministers committed to achieving a 20% reduction in EU CO<sub>2</sub> and other greenhouse gas emissions by 2020. A 20% increase in renewable energy use and 10% more biofuels in EU transport were part of the binding commitments. European Environment Commissioner Stavros Dimas noted in March 2007 “Even without global co-operation, the Council set out a unilateral European target of a 20% reduction in emissions.”
5. The BCA is a member of the UK Carbon Capture and Storage Association. The industry is working toward its long-term target and is an active participant in a preliminary project being carried out by the International Energy Agency Greenhouse Gas R&D Programme to determine the practicalities of applying carbon capture and storage (CCS) to cement manufacture.
6. The UK cement industry CO<sub>2</sub> emissions for 2006 were 3.9 million tonnes lower than those in 1990, a saving of 29%. Part of the CO<sub>2</sub> emissions reduction has been achieved through the replacement of fossil fuels with waste derived fuel and the use of waste and by-products from other industries instead of natural raw materials. This resulted in the use of over one million tonnes of recovered materials in 2006 and the thermal replacement of fossil fuels by over 14%.
7. *Performance* is published annually by BCA and includes the performance of the cement industry against the targets with the Environment Agency sector plan.