

## Eurobrief March 2009

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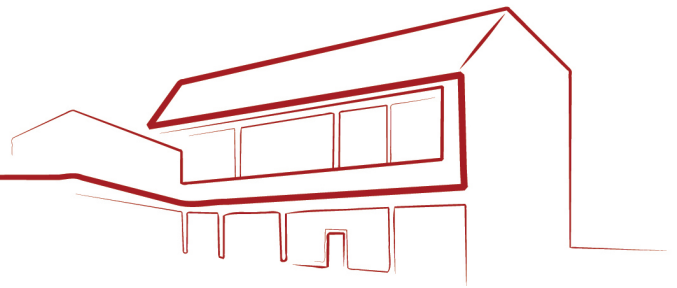
## EDITORIAL

### CO2 reduction: sectoral approach, from dream to reality

March 2009 - For some three years, the cement industry has been working hard to build a sectoral approach to reduce its CO2 emissions worldwide. The CSI (the Cement Sustainability Initiative) is the pioneer in that respect and its leadership is being followed by a broader constituency of regional cement associations including CEMBUREAU in Europe.

The first step was to establish the WBCSD-CSI Protocol as a recognised international reference on the data to be collected and data analysis. CEMBUREAU adopted the Protocol in 2003 and is trying to have it standardised as part of the CEN standardisation programme to measure CO2 emissions from energy-intensive industries.

Second came the GNR (Getting the Numbers Right) project in 2007 CEMBUREAU joined this exercise and CO2 emissions as well as related data were collected from 93% of EU cement



industry production for the years 1990, 2000, 2005, and 2006 – an exercise that will go on in the future. GNR is proving a very useful tool in Europe in order to collect data allowing the development of a benchmark for allocation of allowances to the cement industry in the ETS.

The EU ETS makes explicit reference to sectoral approaches and these are becoming the focal point of international attention in the context of the current attempt to negotiate within UNFCCC, an international agreement on climate change as a follow-up to the Kyoto Protocol. The so-called "Warsaw process" was already described in November 2008 Eurobrief. The steel and aluminum industries are involved in a similar process.

The concept of a sectoral approach itself is clearly gaining ground but the contents remain blurred and open to interpretation depending, inter alia, on the degree of development of the country and its regulatory framework. In some countries, the sectoral approach is viewed as a method to facilitate technology transfers - this is clearly the case in China and India. In other corners, this approach is seen as a way to develop KPIs (Key Performance Indicators) which should be used as international standards as, for example, in Japan. In Europe, where carbon constraints are real, sectoral approaches offer the hope that an international level playing field can be established as soon as possible.

## EU EMISSIONS TRADING SCHEME

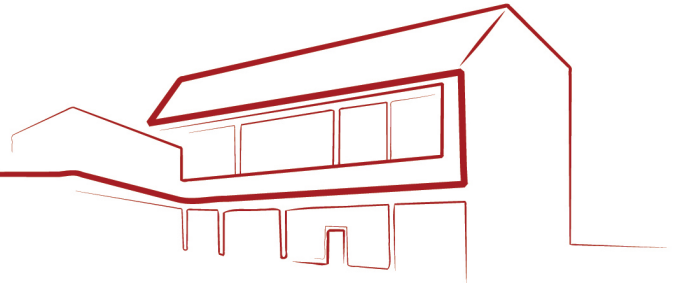
### IETA fears over EU CDM plans

The International Emission Trading Association (IETA), which represents emission trading businesses, has criticised EU plans to shut down the clean development mechanism (CDM) for larger developing countries. The IETA says that the CDM is "one of the main private finance success stories of the Kyoto protocol". It claims that proposals to phase out the CDM are being made before an alternative model for private funding has been established. The European Commission wants to introduce a sectoral approach to replace the CDM in advanced developing countries under a new global climate deal.

## EU EMISSIONS TRADING SCHEME

### UK underspending on carbon capture storage

The UK has spent just £6.4m on research into Carbon Capture and Storage (CCS) since 2004, according to figures released by the Department of Innovation Universities and Skills (DIUS) and the Department of Energy and Climate Change (DECC) this month. More than €1.25bn of EU money was also recently ring fenced for CCS projects and the UK hopes to gain a share of it to



fund a second CCS demonstration plant in the UK.

## ENVIRONMENT

### New IPPC guidance for cement sector

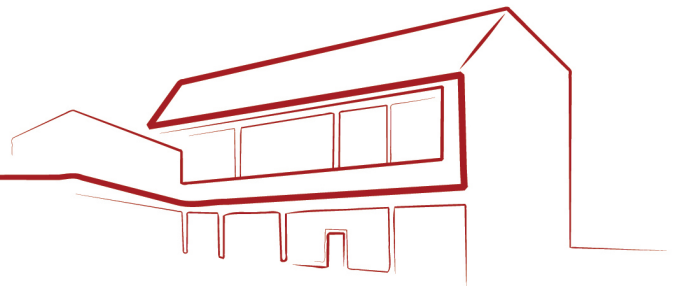
The revised guidance on how the cement and lime sectors can apply best available techniques (BAT) under the EU's IPPC (Integrated Pollution Prevention and Control) industrial pollution directive will be adopted in April by the information exchange forum chaired by the European Commission. A working group reached consensus on all BAT recommendations in a draft revised BREF document published in February. The BREF guidance document was developed by a technical working group managed by the IPPC Bureau in Seville. CEMBUREAU looks forward to the approval of the BAT conclusions as approved in Seville in September 2008.

## ENVIRONMENT

### Parliament adopts IPPC recast report

The European Parliament voted to adopt in plenary first reading the Environment Committee's Report on a recast of the Integrated Pollution Prevention and Control (IPPC) Directive almost in its entirety earlier this month. All but one of the amendments to Holger Kraemer's (Alliance of Liberals and Democrats for Europe, Germany) Report were adopted in Parliament's plenary session. MEPs want EU-wide maximum emission limits (the so-called "European Safety Net) to be set for all activities regulated under the industrial pollution legislation, arguing that this would ensure that plant operators cannot deviate too much from emission levels recommended in EU pollution guidance. The Parliament also backed Holger Kraemer's proposal to inspect installations every 18 months instead of yearly as suggested by the Commission. Those struggling to comply with environmental law would be visited more frequently.

The Czech presidency is hoping to reach an agreement in council on the revised industrial pollution legislation at the environment ministers meeting in June, though is far from certain due to diverging views between the Parliament and the Council on this proposal. Furthermore, CEMBUREAU is following closely the discussions in Council regarding the revision of annex VI which deals with co-incineration.



## ENVIRONMENT

### Energy labelling proposal adopted in Committee

The European Parliament's Industry, Technology and Research (ITRE) Committee adopted Anni Podimata's (Party of European Socialists, Greece) Report on energy labelling earlier this month. All compromise amendments were adopted. The Report supports maintaining the existing A-G energy labelling currently in operation in the EU, arguing that sticking with A-G labelling does not mean that policy makers cannot be innovative. The Commission will communicate a list of priority products, including construction products, considered for labelling, based on their energy saving potential, six months after this Directive enters into force.

CEMBUREAU insists that building and construction products should be excluded from the scope of the Energy Labelling Directive.

The Draft Report Amendments can be found here:

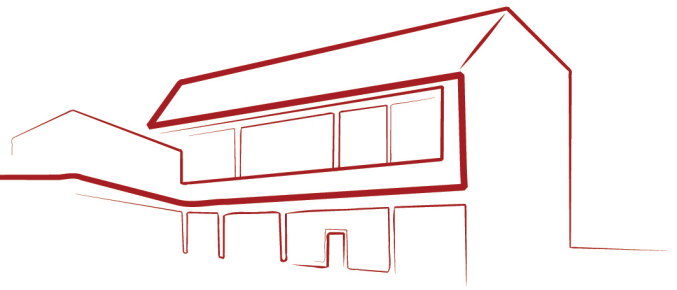
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## ENVIRONMENT

### Commission holds meeting on NOx and SO2 trading

An informal meeting was organised earlier this month by the European Commission with Member States and stakeholders on establishing an EU-wide NOx and SO2 trading scheme for IPPC (Integrated Pollution Prevention and Control) installations. The pollutants are regulated under the EU's 1996 IPPC Directive, which is currently being revised (see February Eurobrief). Several EU industry associations, including CEMBUREAU, are against any move to set up a cap and trade system for NOx and SO2. In a consultation in May 2007, the overwhelming majority of stakeholders took the view that such a scheme is unnecessary, and CEMBUREAU remains confident that the proposal can be avoided. The issue nonetheless remains on the agenda of energy-intensive industries.

## ENVIRONMENT



## EU energy tax Directive to be launched

A proposal to revise the 2003 EU Energy Tax Directive is expected to be launched by the European Commission as part of a package of measures on environmental taxation. A draft proposal drawn up by the Commission's tax department has been sent to other departments for internal consultation. The Commission also plans to issue a policy paper on the role of taxes in energy and environmental policy. In an EU economic recovery plan endorsed by the European Council in December, the Commission said it would propose reduced VAT rates for green products and services to help improve the energy efficiency of buildings and boost sustainable consumption. The CEMBUREAU position on this point has been circulated to the Membership.

## ENVIRONMENT

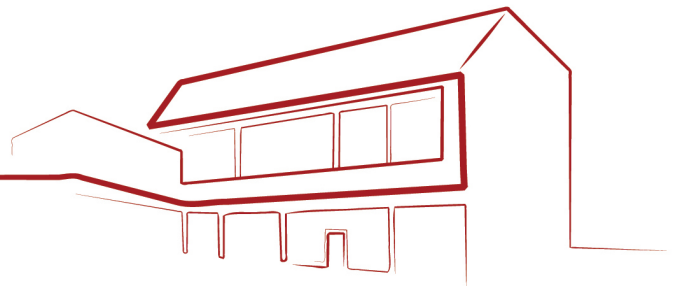
### Fight climate change with private sector funding, say EU Ministers of Economy and Finance

March's meeting of the Ecofin Council underlined European finance minister support for incentives to enhance the global carbon market. This would be achieved by linking emission trading schemes within the OECD by 2015, and with "more advanced developing countries" by 2020. However, ministers left the issue of funding the fight against climate change unresolved. They emphasised that while the "EU is ready to contribute its fair share", most funding should come from the private sector. Discussions on climate funding at the Ecofin meeting were also curtailed as they followed a lengthy debate on reduced VAT rates for certain goods and services. The failure of the Ecofin Council to make specific recommendations relating to the financing of environmental initiatives has angered environmentalists.

## ENVIRONMENT

### EU earmarks \$130bn for environment projects

The European Commission plans to invest €105 billion in environmentally friendly projects over the next few years. The focus includes water and waste management and energy efficiency. The funding will come from the EU's 2007-2013 Cohesion Policy, and is triple that allocated to environmental projects in the 2000-2006 period.



## BUILDINGS & BUILDING MATERIALS

Adaptation to climate change: Commission to launch white paper to be published on 1 April

The European Commission plans to publish a White Paper on adapting to climate change on 1 April. Among other things, the Communication will examine the possibility of mandatory sustainability criteria in harmonised construction standards. The Commission also wants to develop vulnerability indicators for a number of economic sectors by 2011 and also wants to establish by then an EU-wide information exchange platform to help stakeholders adapt successfully to climate change.

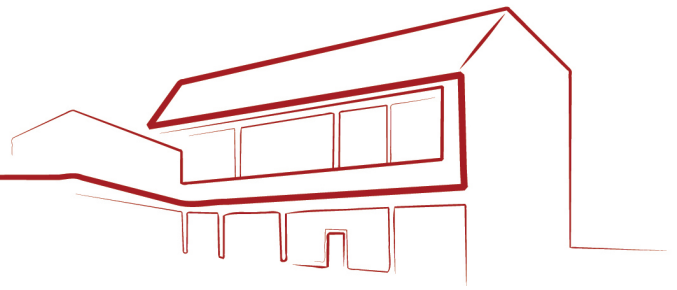
## BUILDINGS & BUILDING MATERIALS

JRC report examines energy efficiency in buildings

EU policy on sustainable consumption and production (SCP) in the area of buildings is vital in order to ensure that environmental improvements are made, says a report from the European Commission Joint Research Centre (JRC). Previous research by the JRC has shown that energy consumption during the use phase of buildings is by far the most important factor to take into account for the life cycle environmental impacts of buildings, and that residential buildings are responsible for 27% of final energy demand in the EU.

The Report addresses building codes and standards as being increasingly used to define minimum performance requirements concerning environmental issues, especially the energy use and the energy efficiency of buildings. It predicts that the inclusion of minimum energy performance requirements into building codes and standards will lead to substantial energy-savings. It argues, however, that the introduction of minimum performance requirements tends to only eliminate worst practice rather than to 'drive best practice'.

The Report also identifies the 'Energy Performance of Buildings Directive' (EPBD). This includes obligations regarding minimum performance requirements and energy certificates. More specifically, the EPBD requires establishing a methodology for calculating the energy performance of a building, minimum standards for energy quality of buildings to be determined by Member States, certification for buildings to make energy consumption levels visible and inspection of boilers and air-conditioning systems. An OECD/IEA report says that thus far the EPBD is the instrument with most potential impact on energy efficiency in existing residential buildings in the short and medium terms. A number of countries have transposed the Directive, but a large number are still lagging behind, according to the Report.



The Directive on the Eco-Design of Energy-Using Products (also called Eco-Design Directive or EuP Directive) is the most relevant existing EU policy instrument allowing for regulation regarding the energy performance of individual building elements. Building elements like windows, floors, walls, or roofs however are not concerned by the current version of the Eco-Design Directive. A recast of the Eco-Design Directive is, however, being prepared, and the European Commission has proposed to broaden the scope of the directive by including also energy-related products. First proposals suggest covering elements such as water-using devices, building insulation materials, and windows. There is also the intention to complement the revised Eco-Design Directive with labelling schemes, such as through a revised EU Eco-Label Regulation.

For example, the Member States have to ensure that there are sufficient incentives for ESCOs, energy consultants or energy advisors to offer and implement energy services, energy audits and energy-efficient improvement measures. The Directive also asks for the dissemination of information on energy efficiency mechanisms and financing options. The Member States shall as well ensure that qualification, accreditation and certification schemes are available for providers of energy services, or energy audits. The impact of the Directive will greatly depend on the specific implementation and the ambition of single Member States.

The main gap identified in the Report's assessment is that EU instruments do not yet aim at the retrofitting of individual elements of the building envelope that show low thermal performance compared with the best available (or even average new) technologies on the market. It says that the Commission's proposal to broaden the scope of the Eco-Design Directive from energy using to energy-related products is an opportunity for defining minimum performance requirements for building envelope elements like windows or insulation materials.

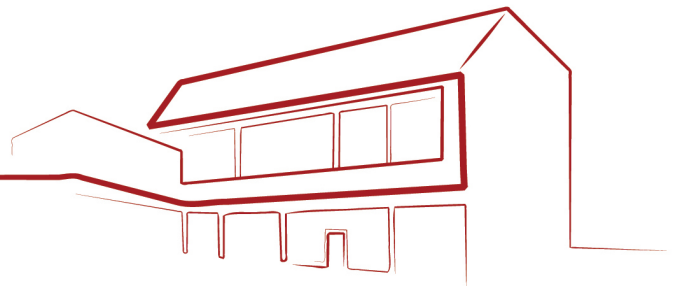
The Report is available here:

<http://ipts.jrc.ec.europa.eu/publications/pub.cfm?id=2079>

## BUILDINGS & BUILDING MATERIALS

### Rise in construction sector production

Seasonally adjusted production in the construction sector rose by 1.3% in the euro area and by 1.8% in the EU27 in January 2009, compared with the previous month. In December 2008, production fell by 2.8% and 1.8% respectively. Among the Member States for which data are available for January 2009, construction output rose in five and fell in six. The most significant increases were registered in Slovenia (+22.4%), Spain (+7.8%) and Sweden (+2.2%). The largest decreases were recorded in Hungary (-13.9%), Germany (-7.8%) and Romania (-6.4%). Building construction fell by 12.0% in the euro area and by 9.0% in the EU27, after -14.7% and -12.0%



respectively in December.

## WASTE

### Annulment of shipments of waste Directive considered

The European Court of Justice has heard the case for the annulment of Regulation (EC) No 1013 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ 2006 L 190, p. 1). The Commission submitted that its choice of a double legal basis for the Regulation was based on the appreciation that the Regulation includes, both as regards the aims pursued and its contents, two linked components, neither of which can be regarded as secondary or indirect as compared with the other. One falls within the scope of the common commercial policy and the other within that of protection of the environment. The Commission argued that by basing the Regulation solely on article 175(1) EC and deleting article 133 EC as its second legal basis, the European Parliament and the Council have acted in infringement of the Treaty. It claimed that in accordance with article 231(1) EC, the annulment of the Regulation constitutes the appropriate remedy for this infringement. On 26 March 09, Advocate General Piraes Maduro delivered its opinion on the case. He proposes that the Court should dismiss the action for annulment brought by the Commission (See October 2006 *Eurobrief*).

*If the ECJ ruling follows this opinion, the version adopted by the European Parliament and the Council will be maintained, ie Art 175(1) of the Treaty as the only legal basis.*

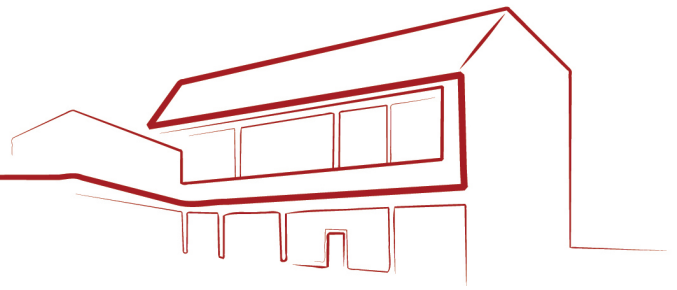
*The Regulation can be found here:*

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:190:0001:0098:EN:PDF>

## WASTE

### Czech push for simplified waste rules

The Czech Presidency has proposed a simplification of existing EU waste legislation. Environment Minister Martin Bursik said that the idea would be to encourage the separation of waste by proposing that local fees for waste collection be directly tied to the amount of waste produced. The new law would also tighten requirements for landfill operations and increase the powers of regional authorities. The Czech Finance Ministry is also considering applying reduced VAT rates to waste management services, and is pushing for VAT cuts for recycled products at EU level.



## WASTE

### CEMBUREAU responds to biowaste consultation

Earlier this month CEMBUREAU responded to the European Commission's Green Paper on the management of bio-waste in the EU, highlighting that co-processing in the cement industry is the optimum way of recovering energy and material from waste. It offers a safe and sound solution for society, the environment and the cement industry, by substituting non renewable resources with societal waste under strictly controlled conditions.

In its response, CEMBUREAU indicated that life-cycle assessment studies could play a greater role in the choice of the treatment of bio-waste diverted from landfills as the whole value chain would be considered rather than the final treatment option. In addition, the Association notes that energy recovery from biomass can make a valuable contribution to sustainable resource and waste management in the EU.

## HEALTH AND SAFETY

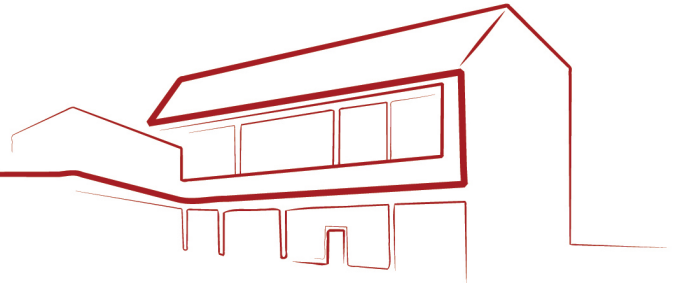
### REACH - CEMBUREAU issues updated clinker and cement safety guidance

CEMBUREAU has issued two updated Safety Data Sheet templates for clinker and cement, together with updated template guidelines. While the content of the templates has not changed, the documents have been updated to incorporate references to the new Regulation on Classification, Labelling and Packaging of Substances and Mixtures (implementing the Globally Harmonised System in the EU) as published in December 2008 (as opposed to the Draft Commission proposal), and updates following the adoption of the Regulation. The new templates also make reference to the fact that cement is not subject to Registration and that clinker is exempt from registration under REACH.

## CEMBUREAU

### 7th Concrete Marketeers and Promotion Officers' conference a success

The 7th Conference of Concrete Marketeers and Promotion Officers organised by the European Concrete Platform in Brussels on 17 and 18 March 2009 under the title "Promoting Sustainable Concrete Systems and Solutions" has been a huge success. Over 100 participants from 23 countries representing all member associations of the ECP took part in three sessions covering communicating to politicians and decision-makers (B2D), raising awareness amongst the general public (B2C) and delivering concrete messages to professionals (B2B).



## OTHER NEWS

### Economic downturn has implications for emissions

The global economic downturn could cut greenhouse gas emissions by as much as 50%, the Congress on Climate Change has heard. Terry Barker, Director of the Centre for Climate Change Mitigation Research at Cambridge University, said the recession could cause a reduction in carbon emissions by 2012.

## OTHER NEWS

### Competitiveness council urges support for industry

Helping industry prosper in difficult economic times was discussed in the Competitiveness Council earlier this month, in preparation for the Spring European Council. The Competitiveness Council discussed the proposed private-public partnership on European Energy-efficient Buildings, and urged the Commission to move forward with this initiative before mid-2009. The Council also wanted to see further progress made in the implementation of the Strategic Energy Technology (SET) action plan, particularly the promotion of widespread use of information technology solutions in the energy sector.

The Council also said that the adoption of the Climate and Energy Package should enable the EU to take the lead in tackling climate change, and voiced its support for the implementation of the Action Plan on Sustainable Industrial Policy and Sustainable Consumption and Production.