

Eurobrief May 2009

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EDITORIAL

How construction can help refloat the EU's economy

May 2009 - Ever since the impact of the economic crisis began to be felt in Europe at the end of 2008, CEMBUREAU has been vocal in calling upon the European Institutions to stimulate investments in the construction sector as a tool to refloat Europe's economy. In February 2009, that message was pressed upon President Barroso as, it was stressed, this would not only assist the EU's economy in the short term, but also improve the EU's infrastructure and competitiveness in the longer term. Emphasis was also placed on "smart investment", especially in providing Europe with more energy efficient buildings.

CEMBUREAU, fortunately, was not alone to carry these messages. The European construction sector, as a whole, joined forces. The European Construction Forum (ECF) and its Members, including CEMBUREAU, were very active.

Various measures have been adopted, as a result, by the EU.

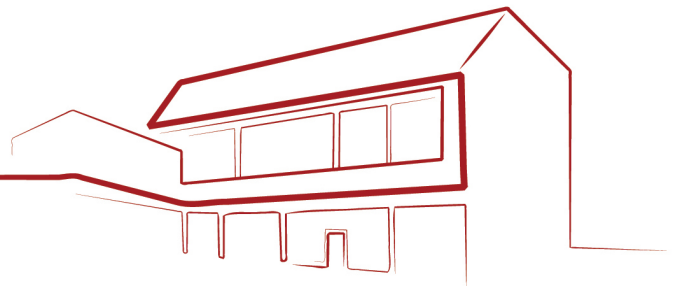
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» European Regional Development Fund

First of all, on 17 April 2009, the European Parliament and the Council amended Regulation (EC) No 1080/2006 of 5 July 2006 on the European Regional Development Fund (ERDF).

Consequently, in each Member State, spending on energy efficiency improvements and on the use of renewable energy in housing is eligible for ERDF support up to a ceiling of 4% of the relevant Member States' total national ERDF allocation.

For Member States which have acceded to the EU on or after 1 May 2004 (the so-called "new Member States"), this potential 4% allocation comes on top of the 3% already foreseen under the 2006 Regulation.

Various conditions are imposed. Most relevant is that eligibility for ERDF support for housing must be related to projects developed within the context of "social cohesion" policy. This loose term is interpreted as allowing private, as well as public, projects to qualify.

» Reduced VAT in the construction sector

Responding to the request of the December 2008 European Council, the Council (ECOFIN) amended, on 10 March 2009, Directive 2006/112/EC on VAT.

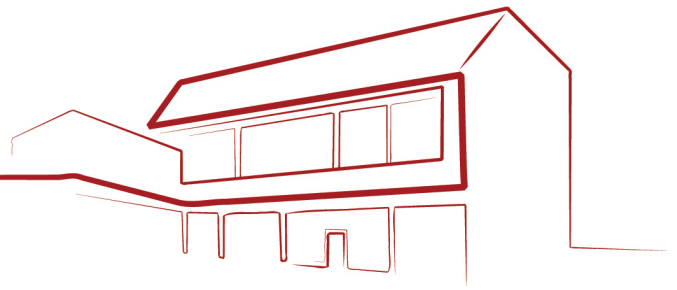
The new text allows Member States to apply reduced VAT rates to the "Renovation and repairing of private dwellings, excluding materials which account for a significant part of the value of the service supplied."[1](#)

» PPPs for Energy Efficient Buildings

The European Commission (Commissioner for Science and Research Janez Potocnik) concluded the long overdue agreement, on 1 April 2009, with high representatives of the automotive, construction and manufacturing sectors for developing smart investments in clean technologies through PPPs (Public-Private Partnerships).

The first step for these partnerships will be the publication of joint cross-thematic calls for research projects by the end of July, funded by the 7th Framework Programme for Research and Development of the European Commission.

Within this framework a financial envelope of €1bn is earmarked for Energy Efficient Buildings.



The Programme will be financed jointly by industry and the European Commission under FP7. The programme will focus on renovation of existing buildings and special attention will be given to SMEs.

» The European Economic Recovery Plan

In order to boost European infrastructure and improve the energy efficiency of buildings, the European Commission is launching a €500m call for proposals for trans-European transport (TEN-T) projects with the aim of starting the construction of infrastructure projects before the end of 2009.

In addition, the EIB (European Investment Bank) is increasing its financing of climate change, energy security and infrastructure investments by up to €6bn per year and the EBRD (European Bank for Reconstruction and Development) will double its financial resources dedicated to the same sectors with special emphasis on municipalities (€5bn).

All of the above measures will help the European economy as well as foster growth in the construction sector itself which, as a whole, represents 10.7% of the EU's GDP².

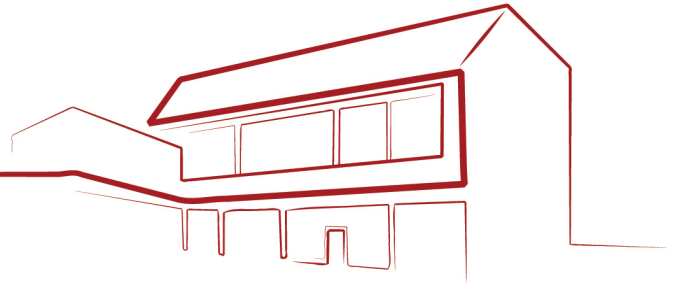
Emphasis on energy efficient buildings is clearly becoming a key priority. On 23-24 May, G8 (Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States) Energy Ministers called for the creation of a global low-carbon energy technology platform (ITEEC for international partnership to promote energy efficiency) to develop the project worldwide. One of the initial tasks identified by the Energy Ministers includes, unsurprisingly, the launch of a Sustainable Buildings Network to promote energy efficiency in residential, commercial and industrial buildings.

The stage is thus set and it is up to the concrete and cement industries to compete for a share of the incentive made available by playing an active part in projects to come.

¹See Eurobrief - March 2009

²Source: European Construction Industry Federation (FIEC)

EU EMISSIONS TRADING SCHEME



European Parliament allocates €18bn for CCS demonstration plants

The European Parliament's Report on a proposal for a Regulation establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy was adopted in Plenary earlier this month. Eugenijus Maldekis' (Union for Europe of the Nations Group, Lithuania) Report was adopted by 526 votes in favour to 64 against with 14 abstentions. The European Parliament voted in line with the informal agreement made previously with the Council. Under this agreement, €1.05bn will be allocated for projects for carbon capture and storage (CCS). In addition, Norway recently announced plans to contribute €140m to help fund CCS projects in the European Union. This money will come from the country's pending contribution to the European Economic Area. Norway said that it viewed CCS as a means of contributing to the fight against climate change while not affecting its position as a leading oil and gas exporter.

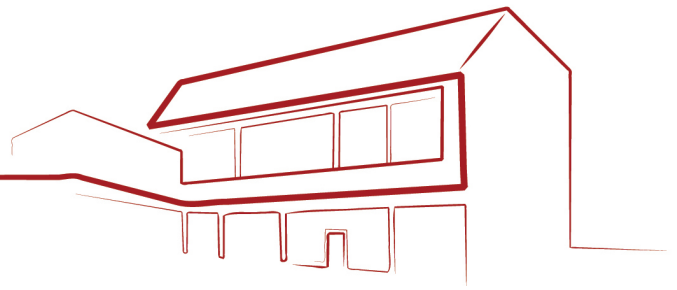
The European Parliament, however, has called for EU money not allocated before 1 September 2010 to be redirected to energy efficiency and renewable energy projects, arguing that projects such as CCS are unlikely to have developed sufficiently to absorb all the investment by that time. The Greens criticised the compromise package, arguing that the €1bn for CCS pilot projects, which will not be operational for three years, will have limited benefits on the wider economy.

In the cement industry, ECRA, the European Cement Research Academy, is working on a CCS project. [More information](#)

EU EMISSIONS TRADING SCHEME

Scotland puts forward CCS proposals

Scotland has put forward proposals for establishing carbon capture and storage (CCS) plants under the sea bed. A study released by the Scottish Government and the Scottish Centre for Carbon Storage suggests that oil fields that have been closed under the seabed could be used over the next twenty years for CCS purposes. The proposal says that around 50 billion tonnes of greenhouse emissions could be stored under the sea. Some 29 sites are currently under consideration. The CO₂ would be placed in saline aquifers, which are pockets in the seabed that have a high concentration of salt water. This would act as a sealant, holding in the CO₂.



EU EMISSIONS TRADING SCHEME

Commission to adopt communication on CCS in developing countries

The European Commission plans to adopt a communication on financing carbon capture and storage (CCS) in emerging and developing countries next month. The communication will focus mainly on the NZEC (Near Zero Emissions Coal) project with China, but will also mention capacity building activities on clean coal and CCS technologies with countries like South Africa, India, Russia and Ukraine. The Commission has earmarked €60 million for these activities.

EU EMISSIONS TRADING SCHEME

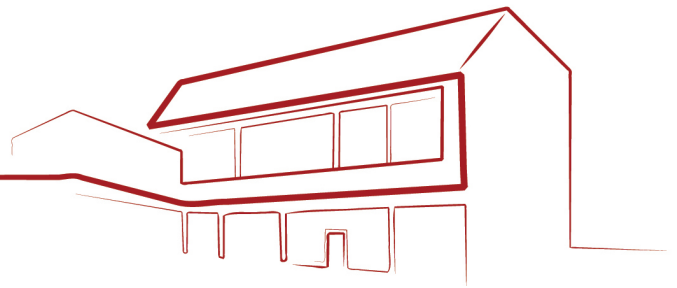
Sweden to call for CO2 emissions tax

Sweden, which takes over the Presidency of the EU Council in July 2009, has stated its intention of pushing for an EU-wide tax on carbon dioxide emissions that would apply to industrial sectors not currently covered by the EU's Emission Trading Scheme (ETS). Industries currently covered by the EU ETS account for 40% CO2 emissions in the EU, and Sweden wants legislation proposed that would address the remaining 60% of CO2 emissions. During the Swedish Presidency, the Commission intends to adopt a proposal on a review of Directive 2003/96/EC on restructuring the EU framework for the taxation of energy products and electricity. It may propose further differentiated taxation according to use and level of CO2 emissions and examine exemptions for industries that participate in the EU ETS. A closed stakeholder consultation is expected to be held in September.

EU EMISSIONS TRADING SCHEME

Deutsche Bank revises CO2 emissions estimate

Deutsche Bank has cut its 2009 estimate of carbon emissions from sectors covered by the EU's Emission Trading Scheme (ETS). The deepening European recession has prompted the German bank to revise its forecast to 1.97 billion tonnes, down 50 million from a previous estimate of 2.02 billion tonnes. Deutsche Bank analysts singled out the steel and cement sectors as set to suffer a tough year, with emissions set to fall significantly. The bank predicts that there will be 92 million carbon allowances left over by the end of the current 2008-12 trading period as a result. Prices for allowances, however, could rise over the next 12 months as German generators, many of which burn coal and thus require more permits than other types of power generators, start forward-selling power for 2013 in mid-2010, said the Bank.



EU EMISSIONS TRADING SCHEME

Greenhouse gas emissions fall in 2008

Greenhouse gas emissions from EU businesses participating in the EU Emissions Trading Scheme (EU ETS) fell 3.06% in 2008 compared with a year earlier, according to the European Commission. Furthermore, information provided by Member States shows that there has been a 6.5% reduction in emission allowances for the second trading period.

ENVIRONMENT

MEPs express concern over DG Energy and Climate proposals

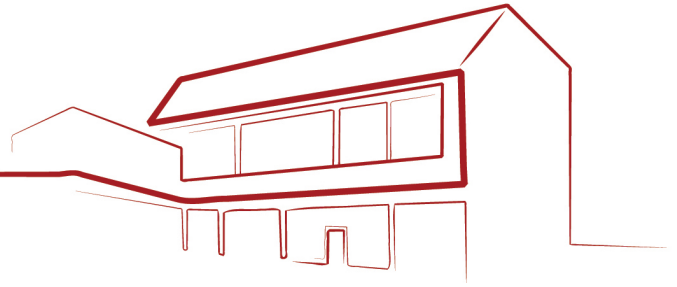
A group of MEPs has expressed concern over European Commission plans to create a new Directorate-General (DG) for energy and climate. In an open letter to Commission President José Manuel Barroso, the group, led by Avril Doyle (European People's Party, Ireland), argues that climate policies "require a transversal and sustainable approach, looking at industrial emissions, transport, energy, buildings, agriculture, development and foreign policy, and we feel that having a Directorate General responsible for both energy and climate would not be best placed to deliver such a horizontal approach". A Commission task force presented proposals for the new DG at the end of April, and raises the possibility of moving responsibility for the EU's Emission Trading Scheme (ETS) to the new department.

The Open Letter can be found [here](#)

ENVIRONMENT

Environment to lead on adaptation to climate change White Paper

The European Parliament's Environment Committee has been appointed as the lead committee on the Commission's White Paper entitled 'Towards a European Climate Change Adaptation Programme'. Opinions are also expected from the Development, Employment, Industry, Transport, Agriculture and Fisheries Committees. The White Paper outlines the need for a Clearing House Mechanism where information on climate change risks, impacts and best practices can be exchanged. The European Parliament is likely to react to the White Paper after the June 2009 elections.



ENVIRONMENT

Energy labelling proposal: Parliament adopts opinion in 1st reading

The Proposal for a Directive on labelling of energy-related products was debated and voted on in the European Parliament's plenary session this month. The proposal was adopted with amendments by 566 in favour, 28 against and 39 abstentions. The proposal will now go into second reading. The European Parliament also included amendments on extending the scope to certain construction products, defining the responsibilities of Member States and suppliers and on implementing measures.

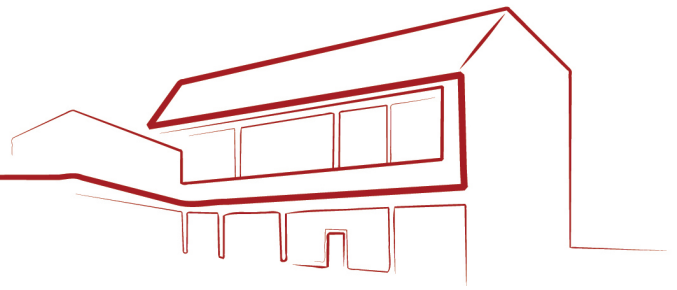
CEMBUREAU insists that building and construction products should be excluded from the scope of the Energy Labelling Directive.

The European Parliament also called on the European Commission to conduct a feasibility study in view of extending the scope of the Directive to all products in 2010. The issue is on the agenda of the Energy Council on 12 June 2009 for adoption of a progress report. Discussions in the Council are already well underway but the proposal will be treated mostly in the second semester of 2009 by the Swedish Presidency, whose priority is energy efficiency. Council wants to stick to the Commission's proposal and will probably reject the European Parliament amendments that go beyond the extension of the scope.

ENVIRONMENT

Revised cement, lime and magnesium oxide BREF published

The final draft (following the Information Exchange Forum - IEF) of the revised Reference Document on Best Available Techniques (BREF) in the Cement, Lime and Magnesium Oxide Manufacturing Industries (CLM), version of May 2009, is now available to the public on the internet. The European IPPC Bureau (EIPPCB) has also produced a "coloured" version of the final draft CLM BREF. This coloured final draft allows copying of text and gives the Technical Working Group (TWG) members the opportunity of comparing the changes during the review of this document. The Revised Reference document can be found [here](#)



BUILDINGS & BUILDING MATERIALS

EU and China discuss energy efficiency of buildings

A formal exchange of views on the energy efficiency of buildings took place between the EU and China this month. A Chinese delegation met with EU Environment Commissioner Stavros Dimas to discuss a possible cooperation agreement on energy efficient buildings. In addition, a joint initiative on building codes, labelling and standards for energy efficient building components was announced at the EU-China summit in Brussels on 20 May, as was an agreement to build a carbon capture and storage (CCS) demonstration plant in China.

Both sides must decide on how to finance the project between them as well as practical details such as the location of the plant and the technology it will use. Having allocated EU funds for the project, the Commission now plans to publish a communication in June to encourage individual Member States to commit further cash and technical resources to the initiative.

WASTE

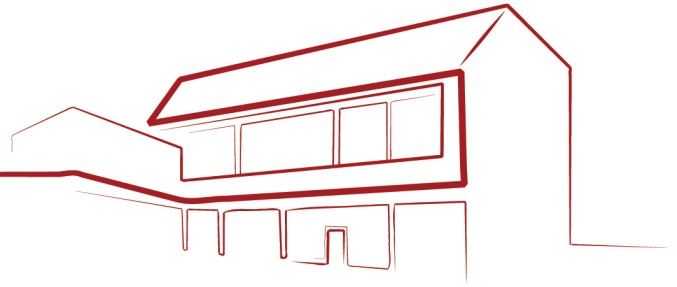
Commission Regulation on waste containing POPs enters into force

Commission Regulation (EC) No 304/2009 amending Annexes IV and V to Regulation (EC) No 850/2004 of the European Parliament and of the Council as regards the treatment of waste containing persistent organic pollutants in thermal and metallurgical production processes was published in the EU's Official Journal (OJ) in April and entered into force this month.

The Regulation amends Regulation No 850/2004 regarding the treatment of waste containing persistent organic pollutants (POPs) in thermal and metallurgical production processes. It permits metal producers to treat production waste containing POPs on-site instead of having to send it to specialist waste facilities. The Regulation is restricted to residues from iron and steel-making processes. Polychlorinated biphenyls (PCBs) are excluded.

The Commission Regulation can be found [here](#)

HEALTH AND SAFETY



Council approves Commission chemical testing revision

The European Commission has been given the green light to update how chemicals are tested to ensure they comply with REACH regulations. The Commission's amendments, which have not been opposed by the Council, aim to ensure that testing standards are as up-to-date as possible. The amended rules will introduce several new test methods adopted by the Organisation for Economic Co-operation and Development (OECD). The Council has also approved a Commission Decision to tighten up Annex XVII of REACH, which focuses on restrictions on manufacturing and placing on the market of certain dangerous substances, mixtures and articles.

HEALTH AND SAFETY

Concern over ETUC's list of substances of very high concern

The cement sector is concerned that the alternative list of substances of very high concern, released by the European Trade Union Congress (ETUC) in March 2009, will cause confusion and hinder the effective assessment of substances. Together with associations representing the glass, industrial minerals and non-ferrous metals trades, CEMBUREAU has warned that the ETUC's alternative to the European Chemical Agency (ECHA)'s official list risks muddying the waters. The ETUC list is based on a different set of criteria, and challenges the integrity of the REACH process. Authorisation criteria under REACH were agreed upon through lengthy discussions with decision makers and stakeholders. The cement industry believes that ECHA should have sole responsibility for publishing the candidate list of substances which may end up on the official candidate list.

The joint response can be found [here](#)

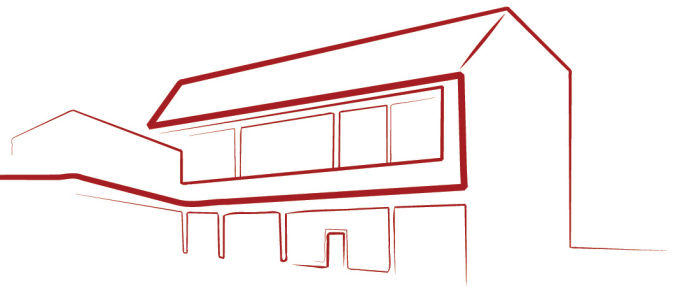
HEALTH AND SAFETY

Chemical Business Association calls for ECHA funding review

Funding levels for the European Chemical Agency (ECHA) need to be urgently reviewed, says the Chemical Business Association (CBA). It claims that ECHA will be massively over-funded because the Helsinki-based agency underestimated the number of REACH pre-registrations it would receive. Instead of the predicted 150,000 pre-registrations, ECHA has received 2.7 million.

The European Chemical Industry Council (CEFIC) also said that the general feedback it has received from companies involved in REACH is that fees are a significant problem.

CEFIC is pushing the Commission to look again at how the fees are managed. A position paper



from BUSINESSEUROPE stated that phased payment of registration fees should be introduced in the short-term. In the long-term, fees should be revised downwards after the end of the first registration wave (December 2008 - November 2010).

BUSINESSEUROPE presented the position paper at the REACH stakeholder conference in Helsinki this month.

In addition, budgetary documents presented to the Board of Management of ECHA indicate that ECHA foresees to cash in €106m in 2010. Of this, €74m will be put in reserve for future expenditures.

HEALTH AND SAFETY

First coordinated REACH enforcement project started

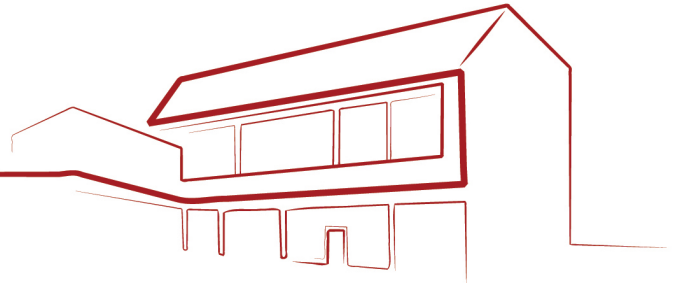
A joint REACH enforcement project, entitled REACH-ENFORCE-1, has been launched. National inspectors will be involved in checking pre-registrations and registrations for substances and SDS. The project will help to give a first impression of the level of compliance by manufacturers and importers with REACH obligations. The results of the project will be collected by the end of 2009 and the Forum Working Group will analyse the results and produce a report in early 2010. The Forum is also preparing a second coordinated project to be launched in 2010.

OTHER NEWS

EUPAVE technical seminar on concrete safety barriers

EUPAVE, the European Concrete Paving Association, plans to hold a Technical Seminar entitled Concrete Safety Barriers - New Insights and Developments on Safety and Environment in Brussels on 9 June. Guest speakers include Dr. Bryan Magee from the Concrete Centre and Richard Sturt from Ove Arup & Partners. Keynote presentations will focus on sustainability issues and on new findings regarding the relationship between acceleration severity index (ASI) and injury of vehicle occupants.

[More information](#)



OTHER NEWS

Council to adopt Ecodesign Directive during Swedish Presidency

The Council will adopt the Proposal for a Directive establishing a framework for the setting of ecodesign requirements for energy related products in July or September 2009.

Earlier this year, a number of informal contacts took place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for a second reading and conciliation.

Compromise amendment 24, which reflects the compromise reached between the three institutions, was carried in Parliament. The compromise aims to improve the assessment methods of products prior to the adoption of implementing measures and to increase resource efficiency.