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## A 2030 Framework for Climate and Energy Policies

The European Lime sector (represented by EuLA, the European Lime Association) is detailing in this paper a number of issues to be addressed within the 2030 framework for climate and energy in order to ensure a successful transition towards a low carbon economy.

### 1. Context

Lime production is carbon intensive, with over two third (68%) of its CO<sub>2</sub> emissions coming from process emissions. These process emissions cannot be avoided without changing the quality of the final product, which is essential to serve specific applications. Lime production is energy intensive, despite the important progress of the industry in terms of energy efficiency.

### 2. Policy recommendations

#### 2.1. A coherent and integrated approach

The 2030 framework for climate and energy should provide a coherent and integrated approach, and should address altogether the GHG target, the risk of carbon leakage, and any structural measures on the EU ETS. The Market Stability Reserve should therefore be only considered in a "package", instead of through a piecemeal approach.

#### 2.2. A 2030 GHG reduction target should be feasible by 2030

The EU GHG reduction target should:

- remain stable and unchanged during the period up to 2030, while incentivizing new investments in the EU manufacturing industries;
- be set at a level that is both technically and economically feasible;
- take into account investment cycles: raising carbon prices while the economic crisis has generated a lot of idle capacity in the EU would not help lime producers to invest, but would rather draw money away;
- take into account the lifespan and replacement rate of kilns: for the lime sector, kilns receive substantial improvements periodically, to ensure optimised operation
- be completely integrated with other EU policies, in particular the energy, resource efficiency, and industrial policies;
- Take into account the development of technically and economically available CCS

The large share of process emissions of the lime industry seriously impedes significant further reductions of CO<sub>2</sub> emissions in the lime industry, unless CCS is technically and economically feasible.

#### 2.3. EU ETS and Carbon leakage mitigation measures

The EU ETS should remain the only instrument for reaching the GHG reduction target in manufacturing industries. However, carbon leakage will remain a big concern after 2020 in the absence of an internationally accepted and legally-binding agreement establishing an equivalent carbon burden similar outside the EU (allowing for a level playing field at industry level).

The 2030 climate and energy framework should guarantee predictability for industry by setting the principles for measures against carbon and investment leakage. Any increased level of ambition of



Europe towards 2030 should lead to increased and not decreased protection against carbon leakage. The most performant GHG installations should receive 100% of their needs in allocations for free. The industry cap should be adjusted so that the CSCF and linear reduction factor do not reduce the free allocations.

Furthermore, the lime industry believes that the EU ETS is NOT addressing the following concerns:

- The GHG reduction deficit (shortage of free allowances even for the installations with the best GHG performance)
- The lack of adequate incentives for low carbon investments (auctioning revenues should be targeted for low carbon investment toward the industry)
- The cumulative burden of the EU framework: several other EU legislations have an impact on the EU's industry competitiveness (renewables, energy efficiency). The Commission should ensure an integrated approach with no overlap. EuLA supports the "Better regulation" concept however ensuring that doesn't result on additional burden for the industry.

## 2.4. A competitive fuel mix

The shift to a low-carbon economy in the EU should go hand to hand with a secure and competitive energy supply.

Today the industry witnesses a significant difference in energy prices between the EU and its competitors (in particular the US, with the development of shale gas). Energy costs are key for the lime sector, and ensuring a reliable and competitive energy supply is necessary to ensure the growth of the industry in Europe.

## 2.5. Integrate requirements on "energy and climate" in international negotiations

The EU should consider integrating "energy" and "climate" requirements in any international agreements with its trade partners, especially if the trading partner in question has not assumed any carbon reduction commitments.

The climate and energy aspects of the EU neighborhood policy should be reinforced.

## 2.6. Keep the whole value chain in the EU

The EU should focus on promoting recovery and growth of industrial production in Europe, in line with the objective to reinstate industry's share of EU GDP to 20% by 2020<sup>1</sup>. European industries need a stable and long term legislative framework that effectively combines EU climate ambition with EU industrial competitiveness.

The lime industry usually operates close to its clients. In that sense its competitiveness largely depends on the presence of its clients in Europe (for example, the iron and steel industry). Further incentivizing a shift towards a low carbon economy may give new market opportunities, but at the same time the EU should safeguard that as many European companies as possible benefit and that production remains in the EU. Green jobs should not be seen as a substitute to current jobs in manufacturing. A win-win should be found by providing the right impetus.

**EuLA**, the European Lime Association, represents about 95% of the European lime production through its 21 national member associations (and approximately 50 companies), covering 11000 direct employees. The European lime sector operates around 470 lime kilns in the EU (on 190 production sites), producing in total around 22 million tons of lime and dolime; and contributing around € 2,5 billion to Europe's GDP. More information on [www.eucla.eu](http://www.eucla.eu)

<sup>1</sup> European Commission Communication "For a European Industrial Renaissance", COM(2014) 14/2